



Daily Report

Latin America

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CONTENTS

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

CARIBBEAN

Cuba

Witnesses Describe Caibarien 'Infiltration' Attempt [Havana TV]	1
Radio Marti Program Termed U.S. 'Psychological Warfare' [Havana TV]	1
Further on U.S. Media Warfare [Havana Radio]	3
Honduran Minister's News Conference Reported [Havana Radio]	4
Cultural Relations To Be Expanded [Havana Radio]	5
Pastor Criticizes Neoliberalism [Havana Radio]	5
Castro Attends APPP Presidents' Meeting [Havana Radio]	5
Robaina Article Outlines Reform, Modernization [PRENSA LATINA]	5
Commentary on Social Security Contributions [Havana Radio]	6
Editorial Urges Short, Efficient Sugar Harvest [Havana Radio]	6

Haiti

Aristide To Name New Prime Minister 'Very Soon' [Port-au-Prince Radio]	7
Formation of Ad Interim Army General Staff Announced [Port-au-Prince Radio]	7
Government Announces Central Bank Commissioners [Port-au-Prince Radio]	7
Radio Notes 'Violent Incidents' 15-17 Oct [Port-au-Prince Radio]	7
Defense Ministry Condemns Vandalism, Calls for Respect [Port-au-Prince Radio]	8
Commerce Minister Announces Fuel Delivery, Prices [Port-au-Prince Radio]	8
UPD Leader Rockefeller Guerre Hails Aristide Return [Port-au-Prince Radio]	8

MEXICO

PRD's Cardenas on 'Racist Aggression' in U.S. [Madrid EFE]	9
Article Assesses Damage Caused by U.S. Tuna Embargo [EL FINANCIERO 17 Oct]	9
SHCP Authorizes Foreign Financial Institution Operations [Mexico City Radio]	10
Deputy PGR's Office Updates Ruiz Murder Investigation [Mexico City TV]	11
PRI Leader: No One Will Detain Party's Reform [EL NORTE 17 Oct]	11
Government Submits Peace Proposal to EZLN; Madrazo Comments [LA JORNADA 14 Oct]	12
Chiapas Mediator Communique on Dialogue [EL FINANCIERO 16 Oct]	13
Chiapas Governor, Residents Warn Against Renewed Violence [Mexico City TV]	15

CENTRAL AMERICA

El Salvador

Ambassador to U.S.: No Mass Deportations Foreseen [San Salvador Radio]	17
President Welcomes Creation of Liberal Democratic Party [San Salvador Radio]	17
Leaders on Party Goals [San Salvador TV]	17
Judge Issues Warrant for Former Rebel Commander [ACAN]	18

Honduras

Former Employees Seize Natural Resources Ministry [Hamburg DPA]	18
---	----

Nicaragua

Government May Seek Former Official's Extradition [BARRICADA 17 Oct]	18
BARRICADA Reorganization Reported [LA PRENSA 15 Oct]	19

Panama

Foreign Minister Explains Decision To Accept Cedras [Panama City TV]	19
--	----

SOUTH AMERICA

Argentina

Economic, Human Resource Aid Granted to Haiti [NOTICIAS ARGENTINAS]	21
CILFA Head Criticizes U.S. Ambassador on Patent Law Issue [NOTICIAS ARGENTINAS]	21
Menem Denies U.S. Pressure on Pharmaceutical Patent Issue [TELAM]	21
Menem Comments on 1995 Elections, Departs for Austria [NOTICIAS ARGENTINAS]	21
Comments on Domestic Issues [TELAM]	22
Naval Aviation Holds Maneuvers in Tierra del Fuego Province [LA NACION 15 Oct]	22
Military Exercises End in Northern Jungle Zone [TELAM]	22

Bolivia

Direct Talks With U.S., Increased Presence in Washington Urged [LOS TIEMPOS 9 Oct]	23
Government Studies Bases To Legalize Coca [LOS TIEMPOS 7 Oct]	23
Minister Denies Alleged 'Uneasiness' Within Armed Forces [EL MUNDO 9 Oct]	24
Editorial Assesses Effects of 12 Years of Democracy [EL MUNDO 10 Oct]	24

Brazil

Yeltsin Sends Message to President-Elect Cardoso [Brasilia Radio]	25
Russian Media Cover Cardoso's Private Visit [AGENCIA ESTADO]	25
Minister Confirms Purchase of Russian Weapons [FOLHA DE SAO PAULO 14 Oct]	25
Patents Law 'Only Pending Commercial Conflict' With U.S. [AGENCIA ESTADO]	25
President-elect Cardoso's Future Foreign Policy Viewed [GAZETA MERCANTIL 17 Oct]	26
Cardoso Wants SAE Out of Espionage, To Only Evaluate Social Concerns [FOLHA DE SAO PAULO 17 Oct]	26
Communists, Socialists Gain Congressional Seats in Election [GAZETA MERCANTIL 14 Oct]	27
Workers Party Delays Decision on Political Alliances [O ESTADO DE SAO PAULO 17 Oct]	27

Chile

Frei Views Economic, Political Situation [Rome LA REPUBBLICA 17 Oct]	28
Frei Resumes Presidency After Five-Day Visit to Italy [Santiago TV]	29

Colombia

Foreign Minister, Ambassador on U.S. Travel Advisory [EL TIEMPO 15 Oct]	29
Prosecutor General Reopens Narcocassette Case [AFP]	30
Prosecutor General Comments on Narco Bill [Santa Fe de Bogota TV]	30
Equipment to Fight Drugs, Gunrunning Procured [Santa Fe de Bogota TV]	30
Former Senator, 4 Others Wounded in Bomb Attack [Santa Fe de Bogota TV]	31

Ecuador

Government Criticizes Congress Over Parliamentary Agenda [Quito Radio]	31
President Discusses Changes Made During Administration [AFP]	31

Paraguay

Defense Minister: Military Not Interfering in Civilian Case [ABC COLOR 18 Oct]	32
Deputy: DEA Using Paraguay To Fight Colombian Traffickers [ABC COLOR 18 Oct]	32

Peru

Susana Higuchi Charges Fraud Against Elections [Lima TV]	33
More on Higuchi's Fraud Charges [Madrid EFE]	33
Election Board Rejects Substitution of Candidate [Lima Radio]	33
Traffickers' Ties to Cali Cartel Discussed [LA REPUBLICA 25 Aug]	33
Narcotics Control Plan Criticized [Resumen Semanal Press Review 4 Oct]	36
Editorial Urges Vote 'for Democracy,' Not Fujimori [PERUPAZ Aug]	36
Election Campaign Developments [Resumen Semanal Press Review 4 Oct]	37
Political Violence Statistics for August 1994 [REPORTE ESPECIAL/DESCO Aug]	38
Underemployment Assessed at 5.5 Million [LA REPUBLICA 24 Aug]	39
Economic Notes From Media [Resumen Semanal Press Review 4 Oct]	40
Analysts Applaud Economic Policy, Expect More Growth [PERUPAZ Aug]	41

Venezuela

Students Seize 16 Vehicles To Protest Fare Hike [Madrid EFE]	43
Exchange Board Approves Repatriation of Foreign Capital [Caracas Radio]	43
Change in Banking Law Reported [Caracas Radio]	44
Rising Unemployment Cause for Government Concern [Caracas Radio]	44
Minister on MAS, Social Priorities, Other Issues [Caracas Radio]	44

Suriname

'Strict' Security Measures Taken Following Coup Rumors [Amsterdam DE VOLKSKRANT 19 Oct]	45
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Cuba

Witnesses Describe Caibarien 'Infiltration' Attempt

FL1910011394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Oct 94

["Special" report from Caibarien; from the "NTV" newscast]

[FBIS Translated Text] On 15 October at 0340, a group of citizens of Cuban origin living in the United States used a speedboat to infiltrate the Caibarien-Cayo Santa Maria Causeway, which is under construction in the north of Santa Clara Province. The small command, as they decided to be called, carried plenty of weapons and ammunition, and their goal was to violate Cuban security. As strange as it may sound to those of us living here, they also wanted to organize several groups in the Escambray region to fight against the Cuban Government.

Following their landing on the causeway, the group separated. Three of the men stopped a Lada automobile carrying five comrades who were returning home after a day of sport fishing. Israel Martinez, who drove the car at the time of the incident, tells us what happened.

[Begin Martinez recording] We went to fish two km from here, and at around 0300, we decided to return home. Approximately 400 meters before the seven-km marker, we saw three people coming from the rocks with long weapons. They stopped our car. We immediately stopped, but were not aware that they were not locals. They pushed us out of the car—two of us stepped out to the right side, and three to the left. Arcelio told them that we were not a threat, and did not carry weapons. They looked for weapons in our car. Next, we were taken to one side of the causeway, and at that time they shot Arcelio. We were close to the water when we saw him falling. The one who killed Arcelio told the other two to kill the rest of us. Therefore, we instantly decided to jump in the water. The criminals got into the car which had the lights on, and departed. [end recording]

Following this incident, the three counterrevolutionaries went in the Lada automobile in search of the Caibarien highway, and minutes later were stopped by a night guard in charge of the equipment for the Campana de las Villas contingent. He was not aware of what had happened. Juan Jose Perez Luna, a 30-year-old night guard, acted without hesitating.

[Begin Perez recording] I am the contingent's guard on duty. It was approximately 0300 when I saw a car, with comrades who had gone fishing and had been authorized to pass, returning. I signaled to ask them the time, believing it was them, but when I approached the car, they threatened me with an M-16, and asked me to surrender my gun. There were three of them in the car. I approached the car door as if to deliver my gun, but instead, jumped and moved behind the car. Then I heard

them shooting, and I shot too, injuring one in the arm, and a second in the head. I was not hurt. Then I took them out of the car, took their weapons, made some warning shots to call the contingent's attention. They arrived right away. [end recording]

The bravery of this young guard prevented even greater casualties from these murderers who had planned something that could only happen in their minds. The nicknames, Ninja and KP-3, and the rank of captain which they all wore, did not help them when confronted by the dexterity of a Cuban guard carrying only one gun and six bullets.

Later on, members of the Border Guard and the Interior Ministry arrived and captured three other counterrevolutionaries in an operation in the area. The last of the men, who was able to leave the causeway on a bicycle stolen from a fisherman, was later detained a few km from the site.

The items confiscated include AKM, R-15, and M-16 guns, Makaroff pistols, cartridges, plenty of ammunition, and enemy propaganda, as well as other weapons.

In this way, our people again thwarted the plans of unscrupulous enemies, who can only be described as common criminals. Once again, the fatherland loses a priceless son. Arcelio Rodriguez Garcia will remain forever in our hearts.

Radio Marti Program Termed U.S. 'Psychological Warfare'

FL1910022994

[FBIS Editorial Report] Havana Tele Rebelde Network in Spanish at 0250 GMT on 15 October carries a 40-minute "special" program entitled: Psychological Warfare [La Guerra de las Mentes] with communications specialists Ana Irma Ramos Pereira, Raul Berrier Molina, and Tele Rebelde host Carlos Iglesias. The program begins with comments by several unidentified Havana citizens on Miami's radio stations. One person states: "They broadcast propaganda which distorts the Cuban reality." Another says: "I do not believe what Radio Marti says." Several others acknowledge listening to Miami stations everyday, while others claim not to do so at all. One woman says: "It is full of lies." A man states: "Radio Marti's only purpose is to encourage some people to leave Cuba, and to create problems."

Iglesias opens the program by summoning people to ponder the role radio and television stations play in the psychological war against Cuba conducted by the United States. He states that those stations "bring the world to people's homes. However, they can be very harmful if they are not used properly." He adds that in the course of the program, he and his guests will focus on Radio Marti and television stations that are "the official instruments of the U.S. Government in the fight against Cuba, and are used as if they were weapons of mass extermination."

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A narrator states that there are 19 stations, 33 frequencies broadcasting propaganda against Cuba 1,712 hours a week. Radio Marti is the leading station: "It was created by the CIA in 1985 as part of the Reagan and Bush administrations' platform, known as the Santa Fe Program."

Berrier states that there "are other short-wave and medium-wave stations broadcasting to Cuba, and stresses the role of Radio Marti, which uses 18 frequencies, and broadcasts 24 hours a day. He mentions WCMQ Radio; WAQI-Radio Mambi; WQBA-La Cubanísima; Radio Fe; and short-wave stations such as La Voz del Cid, which responds to Huber Matos; La Voz de Alpha-66; La Voz de la Fundación."

Berrier adds that "the Alpha-66 radio station represents the interests of a terrorist group. Some of its programs—such as one on explosives—aims to instruct Cuban listeners on sabotage techniques, robbing tourists, interrupting electrical service, et cetera. It is a subversive station."

Regarding La Voz de la Fundación radio station, Berrier states that it has "broadcasted many lies in the past, such as the death of Fidel Castro," and that "These stations represent the interest of specific counterrevolutionary groups in Miami."

Berrier goes on to say that "This network of stations proves that a psychological war against Cuba is taking place, as has never before happened in history." He explains that the CIA spent \$23 million in broadcasting to other nations in 1993, while in broadcasting to Cuba, it invested \$28 million for the same period.

Berrier points out that the Radio Marti moniker is ill-fitted, and that as a U.S.-financed station, "every Cuban working in Radio Marti therefore becomes a mercenary." Ramos says that the use of Marti's name stems from an effort to authenticate the project. She adds: "Cuban exiles have become wealthy because propaganda against Cuba is a great business. They had taken the Marti name to give authenticity to their project, which is nevertheless backed by a government that had never supported Marti's cause." Berrier says: "Counter-revolution is not a cause; it is a way of life. Many have become rich in Miami, thanks to this business."

Iglesias goes on to mention the designation of Richard Lobo as director of the Office of Broadcasting to Cuba. Lobo appears, speaking in English, with subtitles in Spanish, saying that news broadcast to Cuba is impartial. Berrier says this is not true. He refers to the information broadcast by Radio Marti regarding farmers markets as an example: "Of a total of 63 reports, only 13 were positive regarding the markets. This is not presenting the truth."

Iglesias asks about Radio Marti's performance. Berrier responds that a study conducted in 1981 showed that

210 Spanish stations from 44 countries could be heard in Cuba. Therefore, this new station was not needed.

Regarding television stations, Ramos says that they are expensive to operate and are very susceptible to jamming, which is why the Marti television station is the only one on the air. She explains the creation of the station, which came as result of a project by the CIA in 1962 to fly two DC-6 planes close to Cuba. She adds: "The project was too risky, so it was abandoned. Also, the idea to broadcast hostile information was considered too hostile."

Berrier states that the project began again in the 1980's with the support of the Cuban American National Foundation, which pushed the idea through Congress and got the funds allocated. Ramos states that the U.S. Government has spent approximately \$70 million during the four years television Marti has been on the air, adding: "It is hard to understand why so much money is wasted—because Cuban low-cost jamming is very effective—when there are so many crises in the world."

Berrier adds that: "It is too much money to spend to just spread the message of a government that wants to dictate the Cuban way of living and thinking. Even the U.S. Government acknowledges that the signal does not get through and is not received by most in Cuba, particularly in Havana, which is their main target."

Next, several people interviewed on the street state that they do not receive the Marti television signal.

Iglesias asks about the truthfulness of the information broadcast. Ramos gives two examples of bias: The Waco incident in Texas was not covered, despite being its relevance. "On the other hand, in the case of the hijacked tugboat, there was an avalanche of information broadcast for two months after the hijacking."

Berrier mentions that the anticrime law in the United States would not have been passed had the U.S. Senate and Congress relied upon the information provided by Radio Marti. He says that Radio Marti depicts the United States as a paradise with no violence. He adds: "Radio Marti fights the omission of news with omission, deceit, and distortion of reality. It needs to justify the American lifestyle."

Iglesias asks if the station is as wholesome as it seeks to appear. Ramos says that there is "lack of objectivity" in most of the information. She cites the case of White House Radio Marti correspondent Anette Lopez Munoz, who requested an interview with President Reagan in 1985. She was given a list of questions by Radio Marti's director, Ernesto Bentacourt, and was later fired for asking something not included in the list.

Iglesias asks about news campaigns begun by these stations. Berrier states that currently, a campaign demanding political change has been developed. Cuban authorities are accused of enforcing a rigid policy for

over 35 years, while the U.S. Government is who has been maintaining the same hostile policy all that time.

Iglesias asks about the current propaganda campaign about the Cuban health problem. Berrier answers that in September, five stations discussed the health issue, reporting shortages in medical supplies, underpaid doctors, and so on. He agrees with Radio Marti regarding the shortage of medicine and diagnosis resources in Cuba, and adds: "However, the true cause of the shortages is not reported, or else it is distorted. If we are smothering someone, and we say that the person is lacking oxygen—as true as this might be—we are not speaking the whole truth. The person cannot breathe as a result of our actions."

Berrier says that Cuban leaders are very aware of shortages in hospitals, and that nobody needs Radio Marti to point out these problems. Berrier adds that Radio Marti also keeps talking about the violation of human rights, according to their own definition: "The right of everyone to be a counterrevolutionary, the right of some marginal people to support the U.S. blockade."

Iglesias points out that the United States always defends these actions, alleging freedom of expression. Berrier states that: "There is freedom of expression if it agrees with the editorial opinion of the station. Freedom of expression is reserved for counterrevolutionaries."

Berrier adds that Radio Marti has failed to mention the European company that currently cannot export pacemakers to Cuba, adding that the shortage of pacemakers in Cuban hospitals is not the result of a deficiency in the socialist system. He states that "it is a contradiction to be calling for the free flow of information, while deterring the free flow of food and medicine. There are no morals in this policy."

Ramos states that some sectors expressing solidarity towards Cuba—such as the group that recently travelled from the United States—take great legal risks only to express their support. There is no free flow of people either.

Iglesias asks about the handling of the immigration topic by the radio stations in Miami, to which Ramos replies that there has been a change in the handling of the immigration issue: "Illegal emigration is no longer encouraged. Rafters are not portrayed as heroes anymore. They are saying now it is crazy to leave; it is better to stay in Cuba to comply with the agreements. However, I do not believe the psychological warfare is over."

Ramos adds: "The propaganda warfare continues by presenting the harshness of Cuban life, the hard living conditions, while depicting the American society as a model of freedom and economic opportunities. In a different way, they are still encouraging illegal emigration."

Iglesias closes the program by stating that the alleged impartiality of these stations is dubious. He adds that

U.S. experts have conceived these stations as "electronic Platt accords." He exhorts the people—as Cubans and as intelligent human beings—to think about these issues.

Further on U.S. Media Warfare

FL1910032394 Havana Radio Progreso Network in Spanish 1200 GMT 18 Oct 94

[Interview with Leonardo Cano, an expert of the Central Committee's Revolutionary Orientation Department, DOR, by correspondent Jose Mayo; place and date not given—live or recorded]

[FBIS Translated Text] [Mayo] U.S. policy against Cuba includes the radio aggression that is currently being manifested by the anti-Cuban broadcasts of more than 1,000 hours weekly by approximately 20 radio stations in U.S. territory. The radio broadcasts can be described as an instrument of permanent aggression, which has been sponsored by the United States for more than three decades with the purpose of destabilizing the revolutionary process in Cuba.

On the issue of U.S. radio broadcasts against Cuba, we will offer a series of interviews with which we intend to demonstrate the illegal and immoral nature of the U.S. broadcasts against Cuba, as well as the inalienable right of the Cuban people and Government to defend their sovereignty on the national radio-electric spectrum.

We will interview Leonardo Cano, expert of the Revolutionary Orientation Department of the Central Committee of the Communist Party of Cuba, who will talk to us on the objectives and implementation of radio aggression by the United States against Cuba.

Cano, what do you consider the main goals of Washington's anti-Cuban radio broadcasts against Cuba?

[Cano] The radio broadcasts against Cuba are exclusively designed to influence the Cuban population. In other words, they are not like other international services such as Radio Exterior de Espana, or the BBC from London, or even of the Voice of America, which are broadcasts that carry an ideological message, a message that could be adverse. These broadcasts are not exclusively designed to influence the Cuban population.

What distinguishes the Cuban case is that ever since the summer of 1959, emissions have been specifically aimed at promoting certain attitudes, concepts, behavior, and ideas among the Cuban population. This is, in essence, the distinctive point of the radio broadcasts against Cuba.

[Mayo] How has U.S. radio aggression against Cuba been carried out?

[Cano] The first broadcasts against Cuba were in the summer of 1959, as I pointed out earlier. They began with Radio Dominicana. It was an operation of destabilization. The target back then was Trujillo, the dictator of the Dominican Republic, and this operation included

actions of a psychological war. These were the broadcasts of the Dominican Voice [Voz Dominicana] to our country and they were aimed at trying to influence the behavior of our people.

This was the first one. There is a misconception because many have said that Radio Son was the first radio broadcast against Cuba. It was not Radio Son. It was Dominican radio. Radio Son may have been the first to openly admit that they were involved with the CIA in this activity. But we cannot say they were the first.

From that moment on, there have been different stages. Among these is the stage of broadcasts in the 1960's which were characterized by a content very different than reality. The next stage was in the 1970's, with broadcasts that were perhaps a bit more clandestine. These reached their lowest period between 1973 and 1974 when there were some changes in the U.S. policy toward Cuba. What remained alive were broadcasts by groups of Cubans associated with the counterrevolution. They were marginal and their broadcasts were not powerful. This stage concluded with Ronald Reagan's victory in the elections, when he strengthened an offensive against the ideology of socialism and communism. In that offensive, Cuba was a key target.

I could say that broadcasts of the CID [Independent and Democratic Cuba], which began in July 1981, were broadcasts that were not aired because the counterrevolutionaries who managed those broadcasts lacked the capacity and solvency to be able to assume this alternative. These were produced as part of a plan, because some broadcasts, and many of those coming from South Florida through the use commercial radio stations and from government stations such as the infamous Radio Marti, are part of a bloc designing a psychological war against the Cuban population.

[Mayo] What characterizes the message of these stations, which are established on U.S. territory, to misinform about the Cuban reality?

[Cano] If you ask me what characterizes that message today, I would say that it is that they try to turn the economic crisis that we are living into a political crisis. In my opinion, that is not only the message, but the goal of U.S. policy toward Cuba, or at least the policy they have followed in recent times. Any person who looks at this can see that there is a paradox. For example, the very country that stands in the way of Cuba carrying out its normal trade and obtaining access to credit as other countries in the world do is the same country that criticizes the development of our economy. This is an obvious contradiction. In other words, if they were ethical, the U.S. broadcasts to our country should not criticize the development of our country, since the United States is the very country that prevents investors from coming here.

I could say the same about illegal departures. It is evident that some months ago, illegal departures were acts of

heroism. It is true that the U.S. broadcasts never said: Come here, or emigrate illegally. That was never an explicit message. It is true that in the context and content of the entire programming, there is an implicit message. They used to have programs telling people—without explaining the truth about the Cuban community's integration into that society, or about the factors that influence the economic solvency of some people in that society—that things in the United States are like this or that; people who come are welcomed like this or that. There is no need to say anything more. Now, ever since August, they have made a 180-degree turn in the way they handle the issue of illegal immigration.

Anything about the Cuban Revolution in any sense is the object of criticism in these broadcasts. I could say it is vain criticism because what they are after is not to the benefit of the Cuban population. What they want is to create certain ideas among the population that help achieve U.S. objectives.

[Mayo] Why does Washington insist on radio aggression against Cuba if their main objective, the destruction of the Cuban Revolution, does not materialize?

[Cano] The media is definitely a vector of political influence. No one can deny this. We could discuss how various influences are applied, according to the context of each system. That could be another topic of discussion. But undoubtedly, the media is important. For the United States, it is important as a tool if they plan to maintain their policy of harassment—of not leaving us alone to solve our own problems. It is an important tool in maintaining political pressure on this country. That is its importance to them. It is a vehicle of political and ideological influence among our population, and it is also an element of hostility and harassment.

[Mayo] You have been listening to an interview with Leonardo Cano, expert of the DOR of the Central Committee of the Communist Party of Cuba, on the objectives and implementation of radio aggression by the United States against Cuba.

Honduran Minister's News Conference Reported

FL1810214994 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Oct 94

[From the "National Radio News"]

[FBIS Translated Text] Honduran Culture Minister Rodolfo Pastor Fasquelle held a news conference this morning at the conclusion of his four-day visit to Cuba. During the brief news conference, Pastor's response to a question on whether his presence in Cuba was a precursor to relations between Honduras and Cuba was as follows:

[Begin Pastor recording] I hope this is true. There is a rapprochement in relations between Honduras and Cuba, which dates from the administration of President Calleja and there were a series of official visits. There

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were also contacts by Honduran businessmen in Cuba. The formalization of relations is a problem between the foreign ministries of Cuba and Honduras. It is a complex problem involving international relations. I think this current process paves the way for the other; I hope this is what will happen. [end recording]

Pastor also referred to Honduras' position regarding the Cuban reality.

[Begin Pastor recording] Honduras' new government is Cuba's friend. I believe that many of the people in the government, from President Carlos Roberto Reina to almost every minister, are people who understand the need to defend the people's right to autonomy and self-determination. Furthermore, they are well aware of Cuba's significance in the history of central Latin America. [end recording]

At the conclusion of the news conference, a joint statement was signed by Pastor and Cuba's Minister of Culture Armando Hart.

[Begin Pastor recording] Currently, nothing justifies our mutual isolation. The culture ministers of Cuba and Honduras are bent on breaking these barriers through cultural exchanges, cooperation, dialogue among our intellectuals, and contacts among our artistic and creative circles. Invited by his Cuban counterpart, the Honduran minister of culture has visited Cuba to learn about the cultural institutions and movements within the country. Honduras' minister of culture has invited his Cuban counterpart to visit Honduras in the near future. [end recording]

Cultural Relations To Be Expanded

FL1910005594 Havana Radio Reloj Network in Spanish 2034 GMT 18 Oct 94

[FBIS Translated Text] Culture Minister Armando Hart Davalos pointed out that his meeting with Honduran Culture Minister Rodolfo Pastor Fasquelle yielded important results for both ministries. A joint declaration, signed today, referred to mutual interests and future plans in the broad area of culture and the arts.

Hart announced that a series of activities has been planned to further relations between the Cuban and Honduran cultural ministries and stressed that this is the beginning of important efforts in this sector. Hart added that our Caribbean and Central American culture will be another contributing factor to regional integration and we hope that other nations, ministries, and people connected with arts and culture in general will become involved, following the creation of these relations on the Latin American continent.

Pastor Criticizes Neoliberalism

PA1810234594 Havana Radio Havana Cuba in Spanish 0100 GMT 18 Oct 94

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Rodolfo Pastor Fasquelle, Honduran culture and tourism minister, has said that neoliberalism will not solve Latin America's fundamental contradictions; that is, the unequal distribution of wealth and respect among men. The Honduran minister made the statement today in Havana during a visit to Cuba that began on Friday [14 October]. He added that the Latin American intelligentsia must find its own paradigm to link development with social justice.

Fasquelle spoke in Havana with Cuban Culture Minister Armando Enrique Hart Davalos and various other dignitaries and visited the Jose Marti Studies Center, the House of the Americas, and other institutions.

Castro Attends APPP Presidents' Meeting

FL1810180194 Havana Radio Rebelde Network in Spanish 1000 GMT 18 Oct 94

[From the "Doing Radio" broadcast]

[FBIS Translated Text] Commander in Chief Fidel Castro has participated in a meeting of People's Government Provincial Assembly [APPP] presidents dealing with, among other things, the development of the farmers' markets and the delegates' progress reports to the voters which are already in the process of being prepared. Participants also discussed a Finance Ministry project to facilitate the payment of taxes and services. Other points covered include a Labor and Social Security Ministry report on efforts to cover associations for the handicapped, restaurant prices in the provinces, and the production goals of local industries. Also present at the meeting were: Carlos Lage, secretary of the Executive Committee of the Council of Ministers and a Politburo member; Jose Ramon Machado, a Politburo member; and Ricardo Alarcon, president of the National Assembly of the People's Government and a Politburo member.

Robaina Article Outlines Reform, Modernization

PA1810220394 Havana PRENSA LATINA in Spanish 1902 GMT 16 Oct 94

[FBIS Translated Text] Rio de Janeiro, 16 Oct (PL)—Cuban Foreign Minister Roberto Robaina argues in an article published here that Cuba has a real possibility of overcoming its difficulties, activating the economy, and significantly improving living conditions.

In a publication he himself wrote for Brazil's O GLOBO, Robaina says Cuba is making every effort to develop economic integration with several countries, especially with Latin American countries.

In a commentary entitled Cuba Moves Ahead Toward Economic Success, the minister says his country has built an infrastructure unlike any other country in the area, but Cuba needs to modernize its economy and give the people better conditions to satisfy their needs.

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During the 1980's, he adds, laws were approved to favor foreign investment, thus demonstrating flexibility and a change in the mentality of the economy.

Robaina recalls that the international situation at that time endangered Cuba's internal security, and the sole concern was that changes not be made according to the style of countries where policies place the full weight of a crisis on the people.

Robaina adds that Cuba did not take the desperate road that others did which eliminated everything that had been created.

He stresses that Cuba placed the responsibility for reform upon the state's shoulders. In the initial stage, significant progress was made in social matters and production programs, and bureaucratic structures were reduced.

At a later stage, the article states, there was a brave constitutional review following a process of popular and parliamentary discussion.

The reforms made it possible for foreign capital to own property while preserving social fairness, and farming units were founded through the transfer of an important amount of state-owned means of production to producers.

Robaina states that with popular agreement, a financial cleanup and new formulas for material incentives were undertaken, especially in production areas, which yield greater utilities, and in sectors that generate foreign exchange.

Robaina highlights the fact that Cuba currently offers facilities for capital investment, guarantees for the repatriation of earnings, availability of highly competitive personnel, seriousness in negotiations, and loyalty.

He adds that the agreements for intergovernmental economic cooperation, investment protection, and incentives between chambers of commerce of several countries and Cuba, especially in Latin America and the Caribbean, open greater prospects.

Commentary on Social Security Contributionst

FL1810215194 Havana Radio Rebelde Network in Spanish 1255 GMT 18 Oct 94

[Commentary by Ariel Larramendi Villafane from the "Doing Radio" program]

[FBIS Translated Text] We are in times of economic adjustment, with government and population sharing responsibilities. Therefore, because it will affect our salaries, it is necessary to refer to an important issue: contributing to social security. The issue is more important because these are no temporary or conjectural modifications; they are definite.

Since 1962, social security, one of our great accomplishments, which we wish to maintain, has been paid for exclusively by contributions from enterprises and from

state income obtained from other sectors, to cover the social security's insufficiencies or deficit.

Now, we use economic reasoning: the enterprises' insufficient contributions, which represent 12 percent of a salary, are to be complemented now by the workers' contributions. This is to assure a present and a future, with reference to social security. It seems that the percentage to be contributed has not yet been agreed to by the state and workers' representatives. However, both the state and the workers' representatives agree that the percentage to be contributed will not affect individual salaries a great deal. If we Cubans can be proud of something, it is of our social security system, which protects all workers from all sectors. No other country in the area with a relatively advanced social security system, such as Venezuela, Argentina, or Mexico, can make the same claim. This is without even considering that those countries, as well as the majority of countries with development similar to that of Cuba, do not have any coverage or restricted coverage for farmers within their social security systems.

In 1993, Cuba spent over 1.6 billion pesos, which is a large amount for an economy such as ours. If we bear in mind that Cuba's population ages in what is called demographic transition, which is characterized by fewer births and longer life expectancies, we can infer that future labor infrastructures will be composed of older workers. This will require us to implement mechanisms that will allow for a more flexible type of retirement, providing options that will allow older people to be reincorporated, and even adopting certain jobs. What our economy cannot and will not sustain is the current, complex situation of one retired person for every three working. Enjoying retirement by extending one's life expectancy makes retirement something to be enjoyed for a longer time. We must therefore give now, to receive tomorrow. It's that simple.

Editorial Urges Short, Efficient Sugar Harvest

FL1810181094 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Oct 94

[From the "National Radio News"]

[FBIS Translated Text] Today's TRABAJADORES editorial describes the upcoming sugar harvest not only as a technical-economic event but also as a political act and a crucial episode in the Cuban people's patriotic struggle. The editorial goes on to state that if we make the harvest short and efficient, we will show the world that the people's heroic resistance can lead to victory. After enumerating the difficulties that we must confront, the editorial makes a call to increase the awareness and pride of the workers and cadres of the sector in a battle that will be similar to that fought by the Mambi army. The editorial exhorts all the party organizations and the Cuban Workers Federation and its labor unions to develop their organizational and mobilizational capacities to unite everyone's efforts in a national crusade.

Haiti

Aristide To Name New Prime Minister 'Very Soon'

FL1810162994 Port-au-Prince Radio Metropole in French 1045 GMT 18 Oct 94

[FBIS Translated Text] President Jean-Bertrand Aristide told foreign correspondents that he hopes to name his new prime minister very soon. Aristide let it be known that he has already decided on a replacement for Robert Malval, who plans to resign after serving as prime minister since December 1993.

In a brief interview, Aristide stated: I hope to make the announcement very soon. Claudette Weirleigh, Aristide's foreign minister, has been mentioned as a possible replacement. She said that she could accept the post if it is presented to her. A high-ranking U.S. official indicated that Aristide had not told the United States when he plans to appoint his prime minister or who he is considering. Other names that have been mentioned include Marie-Michele Ray, economy and finances minister in the resigning government, and Lesly Delatour, who prepared the Aristide economic plan that was presented to Haiti's sponsors in Paris.

Formation of Ad Interim Army General Staff Announced

FL1810225294 Port-au-Prince Radio Metropole in French 1045 GMT 18 Oct 94

[FBIS Translated Text] Following is an announcement to the Haitian military on leave: By order of the ad interim Army commander in chief, all military personnel on leave are asked to return to their respective posts on 18 October, as of 0600, reads the announcement from the General Staff to the Haitian military on leave.

Let us point out that a new Army General Staff has been formed, with General Jean-Claude Duperval as ad interim commander in chief; Brigadier Gen. Henry-Max Mayard as ad interim assistant commander in chief; Brig. Gen. Bernardin Poisson, ad interim General Staff chief; and Colonel Hebert Valmon, ad interim director of the commander-in-chief's personal staff; Col. Martial Romulus, ad interim general inspector; Col. Henry-Robert Marc-Charles, ad interim general warrant officer; Col. Ernst Prudhomme, ad interim G-1; Col. Eddy Louis, ad interim G-2; Col. Antoine Atouriste, ad interim G-3; Col. Joseph Pierre Antoine, ad interim G-4; Col. Jean-Robert Gabriel as secretary of the ad interim General Staff of the Haitian Armed Forces.

Government Announces Central Bank Commissioners

FL1810231294 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Oct 94

[FBIS Translated Text] The government has announced an economic measure: A five-member commission has

been established to manage the activities of the Bank of the Republic of Haiti while awaiting the appointment of a board of directors. This commission is composed of Roger Perodin, president, who will work as governor of the Central Bank; Bonivert Claude; Dumas Benjamin; Venel Joseph; and Mrs. Monique Thebaud, members.

Radio Notes 'Violent Incidents' 15-17 Oct

FL1810170094 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Oct 94

[FBIS Translated Excerpt] President Jean-Bertrand Aristide made his first public appearance on 17 October, two days after returning to Haiti and following increased tension over false rumors of a coup that prompted several violent incidents. Cloistered at the National Palace, headquarters of the presidency since 15 October, Father Aristide took advantage of the anniversary of the assassination of Jean-Jacques Dessaline—hero of Haitian independence who died on 17 October 1806—to meet the expectations of his supporters and to finally step out of the palace. No more than 1,500 or 2,000 people made up the crowds outside the fence. Aristide delivered a two-minute address from the palace peron—protected by bulletproof glass, as it was on 15 October—during which he again spoke of the spirit of national reconciliation. [passage omitted]

The most important gesture Father Aristide made was to shake the hand of General Jean-Claude Duperval, interim Army commander in chief. The two men then descended the palace steps side by side to hoist the Haitian flag together.

Gen. Duperval was at the center of serious controversy on 16 October when a rumor that he had tried to assassinate Father Aristide spread throughout the town. It was rumored that U.S. soldiers guarding the palace had found many weapons and grenades in Duperval's car as he was getting ready to enter the building. Thousands of demonstrators, some armed with machetes and some even fearing that Aristide had already been assassinated, converged on the palace to defend the president. U.S. troops called out to the crowds over loudspeakers to break up the demonstration, while the information minister broadcast a declaration over radio.

The rumor was enough to trigger violent incidents in several areas of Haiti, a country where the situation is explosive and where calm is relative. The most serious incidents took place in Gonaives, where lavalassians—Father Aristide's supporters—set fire to six houses belonging to political opponents, including the home of Gen. Duperval's mother. U.S. and Haitian forces arrested over 100 arsonists and looters.

A store in downtown Port-au-Prince was set on fire overnight 16-17 October. The bodies of two men were found in Cite Soleil, the capital's biggest shantytown. The incidents show how difficult it will be to reach the level of reconciliation that Father Aristide and the

United States would like, given the deep hatred that divides Haitian society. [passage omitted]

Defense Ministry Condemns Vandalism, Calls for Respect

FL1810221694 Port-au-Prince Radio Metropole in French 1600 GMT 18 Oct 94

[FBIS Translated Text] The Haitian Ministry of Defense in a press release yesterday condemned the acts of banditry observed over the past few days, notably the plundering of stores, arson, and acts of aggression against civilians and military.

The Ministry reminds every Haitian that the return to democracy implies respect for order, respect for private property, and respect for human rights, and announces that measures will be taken to keep force behind the law. The ministry points out that those acts of vandalism can only be beneficial to the enemies of change, which the people and the government wish to make with the sweat of those who have struggled and with the blood of those who died during this long, difficult process.

The government's press release says that in the specific context of the 15 October presidential message, it remains understood that reconciliation and justice must be the pivotal points of all steps taking us to constitutional order and to the state of law that we all dream of.

The Ministry of Defense urges all civilians and military of the various geographical regions of the country to keep calm, and invites them to avoid acts of provocation, insidious manipulations, and all acts of vandalism, which can tarnish the image of a people struggling for democracy and hoping to build a new Haiti.

Commerce Minister Announces Fuel Delivery, Prices

FL1810232494 Port-au-Prince Radio Metropole in French 1600 GMT 18 Oct 94

[FBIS Translated Text] Minister of Commerce Louis Dejoie has announced that an oil tanker will be in the harbor tomorrow, 19 October. The shipment of fuel will be unloaded as soon as possible and distributed to gas stations. The new prices of fuel are fixed as follows: one gallon of gasoline, 38 gourdes; one gallon of diesel fuel, 25 gourdes; one gallon of kerosene, 20 gourdes.

The prices of public transport on the various circuits will also be modified and published in a press release from the Ministry of Commerce. Let us listen to Minister Louis Dejoie:

[Begin recording] [Dejoie] We have learned that the ship will arrive during the night of 19 October. The distribution of gasoline will begin immediately at all pumps in the capital. We will also supply the provinces as soon as possible. We are ready to resume fuel distribution so we can relaunch the economy in this country.

[Reporter Francois] Will the prices be increased?

[Dejoie] The prices have already been discussed with the concerned government authorities and with the international community, the World Bank, and the International Monetary Fund. The prices are 38 gourdes for gasoline, 25 gourdes for diesel fuel, and 20 gourdes for kerosene. The problem is that the fuel can no longer be subsidized as in previous years. Haiti is experiencing an economic boost right now, so everything is based on the price of energy.

[Francois] Mr. Dejoie, regarding the government, will President Aristide soon appoint a prime minister? Will the government continue to function as it is now?

[Dejoie] The provisional resigning government will continue to function until the president of the Republic appoints a new prime minister, who must then be ratified by the chambers. We held a preliminary Council of Ministers meeting with the president on Saturday [15 October] afternoon, and we will hold another one with the president tomorrow afternoon to advise him of everything that has happened and how the ministries are functioning, the needs of the ministries, and also to listen to the president on his government policy, mostly the social and economic policy of the country. We are very confident.

Personally, I am very pleased to observe that the president has very good intentions. He spoke to me at length about his program, and we are all alert so this program can begin as soon as possible, to resume his relaunching of the economy and to put the country to work. [end recording]

UPD Leader Rockefeller Guerre Hails Aristide Return

FL1810233494 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Oct 94

[FBIS Translated Excerpt] Rockefeller Guerre, leader of the Union of Democrats Patriots [UPD], hails the return of President Jean-Bertrand Aristide. Guerre, reacting to the speech delivered on 15 October by President Aristide, hopes this mission of national reconciliation is well understood by the people. He suggests the formation of a true government of concord, including all the country's progressive leaders. [passage omitted]

PRD's Cardenas on 'Racist Aggression' in U.S.

PA1810179594 Madrid EFE in Spanish 1135 GMT
18 Oct 94

[FBIS Translated Text] Bilbao, Spain, 18 Oct (EFE)—Cuauhtemoc Cardenas, president of Mexico's Party of the Democratic Revolution (PRD), has termed "very serious" the measures that California is considering taking against illegal emigrants. These indicate "an increase in racist aggression."

Cardenas is visiting Spain this week at the invitation of the United Left coalition, led by the Spanish Communist Party (PCE), which visited Mexico in March to express support for the PRD.

In statements to EFE made in the northern Basque town of Bilbao, Cardenas affirmed that "we are very concerned about California approving restrictions on immigrants," such as "depriving" their children "of social services."

Cardenas added that this is "very serious" because it represents an increase in racist aggression "which had not previously existed in California and the United States," where, according to estimates, 8 million Mexicans live.

The leader of the Mexican opposition said the administrative and repressive measures "are not going to solve the problem, but instead will create conflicts and will surely increase tension."

According to Cardenas, the illegal emigration of Mexicans to the United States, "which now is at its highest rate ever," stems, in addition to the crisis and unemployment in Mexico, from the fact there are businessmen in the United States who want "an abundant and relatively cheap supply of labor," like the one these workers comprise.

Cardenas remarked that Mexico is a country "in social and political turmoil and with a difficult economic situation," which is expressed in the violence, corruption, and, according to him, lack of democracy during the elections.

"The regime is undergoing serious social and political decomposition," asserted Cardenas, who called for "more state reforms so there will be a true party system."

Cardenas denounced "the known manipulation of the recent August election, with the use of government funds and programs to support government candidates and electoral fraud, which results in not knowing who won or lost."

He said in Mexico "whole sectors of the economy are disappearing. We have the highest unemployment ever in the history of the country, with over one-third of the work force unemployed. We have the highest emigration rate ever to the United States. The economy is not growing, and the currency is overvalued."

Cardenas affirmed it is still too soon to assess the effects of NAFTA, the accord with the United States and Canada, but said "it does not seem" it is producing sensible economic improvement. He doubted the economy would grow more than 2.5 percent this year. The government is predicting a 6 percent growth rate.

Regarding the situation in Chiapas, Cardenas demanded that the government state "what it will and will not accept of the Zapatist National Liberation Army's demands, so as to have a starting point, the expertise, and the direction for advancing the negotiations."

In his opinion, "the only chance for stable and lasting peace in Chiapas and throughout the country is recognizing the basic problems in order to resolve them and reach accords."

These "basic problems" are, according to the opposition leader, "the plundering of land by officials' corruption, the lack of attention to these regions, and the lack of democracy."

Cardenas endorsed, "by mutual convenience," increased economic relations between Spain and his country.

He concluded Spain may become "an important bridge between the European Union and Latin America, a bridge allowing Mexico to diversify its trade to resolve many of our problems, because it is important we have options other than looking to the north."

Article Assesses Damage Caused by U.S. Tuna Embargo

PA1810190894 Mexico City EL FINANCIERO in Spanish 17 Oct 94 p 44

[Article by Lourdes Edith Rudino]

[FBIS Translated Text] Commercial embargoes imposed since 1990 by the United States on Mexican tuna reduces by half our national catch, processing, and exports of the product, as well as creation of jobs in the fish canning industry. The economy of Baja California has been the most affected.

The imminent modification of the organizational structure of international commercial activities—with the transformation of GATT into the World Trade Organization (WTO)—will surely reverse the situation in Mexico's favor early next year.

Industrialists and specialists think that provisions for punishment defined by the WTO will force the U.S. Government to lift its embargoes or compensate Mexico through a retroactive reduction or elimination of tariffs.

The retroactivity would be applied to the value of tuna exports that Mexico failed to make due to the embargoes. The National Chamber of the Fishing Industry [Camara Nacional de la Industria Pesquera, Canainpes] estimates this figure to be about \$117 million per year.

The main and the secondary embargo (that banned U.S. imports of Mexican tuna since 1990 and its purchase by U.S. trading partners since 1991, respectively) are nothing more than an expression of the "neoprotectionist" policy being applied by the North Americans with ecological excuses, said Alfonso Rosinol, president of the section of Canainpes specializing in tuna fishing.

The two lawsuits that Mexico filed with GATT in the past few years were favorable to the country, but did not force the United States to lift the embargoes, because the trade council of that international organization has absolutely no authority to impose sanctions. Rosinol added that regardless of whether President Carlos Salinas becomes WTO leader, "we are right" and the organization will have to impose sanctions. If that were the case and should the United States choose to reduce tariffs, he proposed that the benefits obtained through this means be channeled to the industry to create infrastructure and provide credit, among other things.

Underexploitation of Capabilities

Data compiled by Canainpes indicates that the capture and processing of tuna is underexploited by 110,000-120,000 tons per year out of a total of 250,000. Thus, the country is failing to create about 30,000, that is, little more than the 27,000 jobs that now exist.

The tuna industry, whose fleet dropped from 87 registered ships in 1985 to 38 at present, is failing to export about 130,000 tons of tuna per year, that is, \$117 million (almost 400 million new pesos).

Alejandro Villamar, technical secretary on the Fishing Committee in the Chamber of Deputies, said that the failure to create new jobs affects women in particular, because they are the ones who usually skin and can the tuna by hand.

As partial compensation for their losses, industrialists have promoted domestic tuna sales, and thus national consumption increased from 63,000 tons in 1989 to 114,000 in 1993. Mexico ranks fifth in per capita consumption of this fish.

Villamar believes that it is positive that people increased consumption of tuna—forced in part by the economic crisis—because this product is very nutritious and has natural protein that is cheaper than that found in other animal sources.

Rosinol added, however, that the domestic market has its limits, and industrialists have been forced to reduce prices in order to sell tuna. At 1980 constant prices a box of 48 cans cost 92 new pesos in 1980. In 1994, it costs only 30 new pesos. To increase domestic consumption, Villamar added, the government would have to subsidize prices, because "people do not have enough money and the industry cannot reduce prices."

Doubtful Ecological Motives

The increase in domestic consumption has curbed the declining trend in tuna production. According to

Canainpes figures, in 1989 production totalled 148,100 tons (145,192 on the Pacific coast and the rest in the Gulf of Mexico) but in 1993 it was 14 percent lower, that is, 124,231 tons (115,768 on the Pacific coast).

Villamar said that the most harmful effect of the embargo on the industry is lost investment opportunities on the eastern Pacific coast—a site where the U.S. dolphin protection law has been applied. In that region, at the Port of Ensenada, the tuna fleet and industry started to grow in 1985, thanks to the proximity of San Diego, which has the infrastructure to repair ships and where nets, spare parts, and so on could be purchased.

This port also had specialized personnel to work on the fleet that also worked for U.S. ships, which were forced by this law to move to other regions that "were absurdly not included in the legislation." The fact that the law is aimed only at the eastern Pacific shows clearly that its intent is not ecological but protectionist.

Mexico's fleet had become the largest on the eastern Pacific coast, displacing the United States, which was the historical leader. According to Villamar, some Mexican and U.S. ships have moved to the western Pacific Ocean.

Rosinol commented that this transfer has been minimal. Fleet size has actually decreased: "We have had to undersell 49 ships to other nations."

The federal area most affected by the embargoes is the State of Baja California, where production dropped from 66,330 tons in 1989 to 39,788 tons in 1993.

Only two or three of the 38 tuna ships that Mexico has now are owned by cooperatives of the social sector, which held seven or eight of them prior to the embargoes.

SHCP Authorizes Foreign Financial Institution Operations

PA1810145494 Mexico City Radio ACIR Network in Spanish 0000 GMT 18 Oct 94

[Report by Alma Rosa Baez from the "Evening News Paronama" newscast]

[FBIS Translated Text] A few minutes ago, Finance Secretary Pedro Aspe Armella announced that the Finance and Public Credit Secretariat [SHCP] has decided to rule favorably on the establishment and operation of foreign financial subsidiaries in Mexico.

This favorable opinion benefits five financial groups, 18 multiple service banks, 12 insurance companies, and one leasing company. Operating licenses have also been issued authorizing 16 investment companies to register with the Intermediaries Section of the National Stock Exchange and Intermediaries Registrar.

Here are some statements by Finance Secretary Pedro Aspe Armella:

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[Begin Aspe recording] The approval for a total of 47 institutions and five financial groups to begin operating soon in our country is the culmination of the economic opening process upon which the current administration had embarked. This is also one of the most innovative decisions made in the past 60 years. It is important to stress that all foreign financial institutions authorized to operate are major international organizations. [end recording]

It is worthwhile to mention that the recent authorizations represent nearly 4.130 billion new pesos, equivalent to \$1.214 billion in direct foreign investment. This investment will begin as soon as certificates of authorization are issued. It is expected that this will occur sometime during the end of the first six months of 1995, when the new institutions will begin operating.

The finance secretary pointed out that the international financial community's response to Mexico's decision to deregulate its financial market is evidence of the confidence in the country's future.

Under the terms of NAFTA, foreign financial institutions operating in Mexico will operate under the same conditions as domestic banks.

Financial groups authorized to operate in Mexico include: Citibank, J.P. Morgan, Santander, Chemical Bank, and Grupo Inc. The group of multiple service banks, which is the most impressive, includes Citibank, Banco de Santander, J.P. Morgan, and Bank of America. Among the investments companies are Citibank, Goldman Sachs, Bankers Trust, Drexel, Merrill Lynch.

In general, this was the substance of the announcement by Finance Secretary Pedro Aspe Armella. It had been reported that the announcement was going to be made during the Banking Convention that begins next Wednesday. But because of the issue's importance, the finance secretary decided to make the announcement today.

Miguel Mancera Aguayo, governor of the Bank of Mexico, Finance Under Secretary Guillermo Ortiz, and several representatives of the recently authorized foreign banks attended the finance secretary's news conference.

Deputy PGR's Office Updates Ruiz Murder Investigation

PA1810192294 Mexico City XEW Television Network in Spanish 0430 GMT 18 Oct 94

[From the "24 Hours" newscast]

[FBIS Translated Text] The Deputy Attorney General's Office [PGR] issued today a bulletin on the investigation into the murder of Jose Francisco Ruiz Massieu.

The bulletin states that as of now 12 people involved in the murder have been detained, taken into custody, and are awaiting proceedings. It states that Manuel Munoz Rocha, alleged mastermind of Ruiz Massieu's murder, is

being sought throughout Mexico and abroad. It confirms its immovable intention to clear up this homicide, while reiterating that it will pursue the matter through to its ultimate consequences. This is what the Deputy PGR states.

Meanwhile, this morning Federal Judicial Police in Veracruz, Veracruz, arrested another person involved in Ruiz Massieu's murder. She is Claudia Carola Santos Cruz, who was hired by Fernando Rodriguez Gonzalez to murder Ruiz Massieu. She collected \$300,000 new pesos from Rodriguez Gonzalez for the attack. But she fled with the money and her lover known as Carmelo N., who is wanted by the Mexican authorities.

PRI Leader: No One Will Detain Party's Reform

PA1910021694 Monterrey EL NORTE (Foreign Edition) in Spanish 17 Oct 94 p A-4

[Report by Teresa Ochoa]

[FBIS Translated Text] Merida—Ignacio Pichardo Pagaza, leader of the PRI [Institutional Revolutionary Party], said neither brutal attacks nor those who attempt to judge us by the conduct of some who attempt to hide behind the party's name will tarnish or halt our process of reform.

"Nothing, not even brutal attacks we have received from PRI members," he has said, "will detain the party's process of reform. There is no internal struggle for power; there is unity."

During the Special Council of the Yucatan Workers Federation meeting, the national leader claimed that those who judge the party for the conduct of individuals who do not merit the name of PRI members will not succeed.

He said: "We are proud of being PRI members. No one, although he or she may attempt to hide behind the party's name, will harm us. We say to those who want to judge us that they will not succeed; they will fail again."

Pichardo Pagaza said the PRI will continue with the process of reform, because democracy is the privileged road for society to manifest itself, and the law is the basic factor of coexistence.

He said the party is at the PGR's [Attorney General's Office] disposal so as to help in the investigations into the murder of Francisco Ruiz Massieu, while it has already requested the strict application of the law.

"This move in no way means a weakening of the party," he said, adding "the party is over and above any incidents that may occur."

Pichard Pagaza said the party's CEN [National Executive Committee] is proud of the political and parliamentary actions of the legislators, senators, federal deputies, members of the Assembly of Representatives, and local deputies.

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"These are men and women who have a vocation to serve, people who have a party conviction; let no one doubt this point."

He said: "Our legislators, the true PRI members, not those who use the party's name to act illegally, respect our code of ethics."

Before members of the Confederation of Mexican Workers, Governor Federico Granja Ricalde and the State Board of Directors have said the PRI is no longer a hegemonic party, nor does it want to continue being one. It is, however, the leading party, as was demonstrated on 21 August.

"We are the leading party, not a hegemonic one," he has said. "The opposition has emerged in the nation; we welcome it and do not fear it. On the contrary, the presence of various political forces is a sign of Mexicans' maturity."

He added the interests of a group are not illegal, but the internal struggle should not break up the fundamental principle of unity among PRI members.

Government Submits Peace Proposal to EZLN; Madrazo Comments

PA1810185394 Mexico City LA JORNADA in Spanish
14 Oct 94 pp 1, 14

[Report by "special envoys" Jose Gil Olmos and Roberto Garduno Espinoza, and correspondent Elio Henriquez]

[FBIS Translated Text] San Cristobal de las Casas, Chiapas State, 13 Oct—The federal government today sent the Zapatist National Liberation Army (EZLN) a proposal for resuming final talks and strengthening the cease-fire declared 10 months ago.

Jorge Madrazo, commissioner for peace and reconciliation in Chiapas, announced that the proposal was forwarded through mediator Samuel Ruiz Garcia. It calls for establishing two commissions to monitor and verify possible irregularities in the buffer zones in Guadalupe Tepeyac, Las Margaritas Municipality, and San Miguel, Ocosingo Municipality.

The official admitted that this is the time to redouble efforts and review the entire agenda for the dialogue and the 32 points that emerged at the San Cristobal talks.

Madrazo met this Thursday with Deputy Government Secretary Jose Narro Robles and mediator Samuel Ruiz. At the conclusion of the more than hour-long meeting, he affirmed that in the 48 days left in the administration of Carlos Salinas de Gortari an effort will be made to advance in the peace process "as far as we can."

The commissioner for peace, who was appointed on 23 June, may step down on 28 November when the permission granted him by the Senate to temporarily vacate, on

a non-extendable basis, his post as chairman of the National Human Rights Committee (CNDH), expires.

Visibly concerned over the 10 October announcement by the EZLN of the rupture of the talks—which are conducted mainly through letters—Madrazo unveiled a new proposal by the Salinas de Gortari administration to resume the talks as soon as possible.

He explained the first "key aspect" of this new government proposal is the implementation of a "padding operation" at the buffer zones that run between the Army and EZLN roadblocks. The operation would be conducted by setting up five camps at various points along the buffer zone, comprising 10 persons each, five from the Peace Commission and the CNDH and the other five from nongovernment human rights organizations. They would be tasked with verifying the EZLN charges that federal army airplanes, armored vehicles, and troops have entered on several occasions and committed "acts of intimidation and provocation."

Madrazo stated all personnel are ready to set up the five camps that would help eliminate the tension and pressure in the buffer zones.

The second "key aspect" of the peace proposal is the establishment of a Verification Commission that would help formulate proposals at a political level to strengthen the cease-fire between insurgent and federal troops.

This commission would be made up of selected members of the EZLN and five federal government officials. It would receive information from the five camps set up in the buffer zone. It would even have the authority to investigate incidents that directly or indirectly influence the cease-fire, Madrazo said.

According to the commissioner, these ideas were submitted to the EZLN before it decided to break off the talks. The official noted that this shows that the will to continue the talks and the determination to find a peaceful solution still exist.

He felt it was necessary at this time to submit more proposals and "make progress on objective conditions for the talks with all means at our disposal."

Madrazo proposed reviewing the agenda for dialogue and expanding and reviewing the 32 points that emerged from the San Cristobal talks held in late February and early March.

"If those 32 points were not enough, that means we need to work hard and imaginatively to come up with some points that the EZLN can accept," he added.

As for the postelection outlook, he felt it would be naive to think it has had no influence on the peace process and reiterated the need to seek procedures and venues to meet the demands made.

He regretted, however, that it has not been possible to implement those instruments and trusted that the state powers will solve this problem.

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Regarding CEOIC's [State Council of Indian and Peasant Organizations] proposal to set up autonomous multiethnic regions in Chiapas, he warned this is "a unilateral declaration" that needs to be worked on, because it not only has state but federal implications that entail decisions by the government, the administration of justice, and judicial reforms.

This is a topic, Madrazo noted, that would have to be debated in the Congress, "or else in a congress to review the constitution, that is, a permanent constituent congress."

To conclude, he explained that his conscience "is frankly at peace" because he has done everything possible for the dialogue process for peace in Chiapas and added that he took the responsibility of being mediator without seeking "any political gain," or "job."

Chiapas Mediator Communique on Dialogue

PA1910044294 Mexico City EL FINANCIERO in Spanish 16 Oct 94 p 22

[Communique issued by Bishop Samuel Ruiz Garcia, mediator of the peace process in Chiapas, in San Cristobal de las Casas on 13 October—passages within boldface as published; passages within italics as published]

[FBIS Translated Text] **To the People of Mexico, the Government, the EZLN [Zapatist National Liberation Army], and all civilian organizations and movements, social and political groups, in Chiapas and our country**

1. The Seriousness of the Moment

The emergence of the EZLN has created an exceptional situation in Chiapas and our country. Their entry onto the political scene with a declaration of war and a national program interrupted the appearance of *normalcy* in the Mexican political system and the system's usual replies in the face of the intense conflict.

The painful reality of war—the armed uprising in Chiapas—struck the awareness of the people, groups, movements, and institutions and mobilized their demands and yearnings to stop the uprising and to urge that political negotiation and dialogue replace military confrontation. Among other factors, the brave and decisive intervention by civilian society made possible conditions that reopened the political horizon, despite the arms.

Beginning on 1 January, time in our history became compressed and accelerated. This period includes months and days equivalent to years during which the mediation effort has overcome difficulties because it had to go through phases marked by decisive events and incidents. According to the interests and interpretations of those observing this situation, events and developments will continue to unfold in this way.

It is important to note that after 21 August the country's situation, and that of Chiapas in particular, became more

complex and serious. We view with deep concern the fact that while regional political demands tend to grow, measures and national agreements tend to become inexplicably bogged down instead of adapting so that they might alleviate tensions and provide a way out for regional political demands. We perceive a worrisome lack of concern between national political events as regards the hot issues to be resolved in Chiapas, which have nothing to do with the core of the military-political conflict. One alarming aspect of the outlook is the absence of facts that would serve to bring detente to the field of confrontation and encourage negotiated solutions.

On the other hand, *the climate of the Chiapas situation seems to go beyond those manageable thresholds and thus poses a high risk to the cease-fire*. The various claims and defensive processes, civilian resistance mobilizations, violent reactions by the police and security corps, the many participants, and the EZLN decision to break off talks with the federal government call for the creation of new, more efficient opportunities to meet and communicate, which would open the way for sensible political negotiations with viable and satisfactory commitments.

Need for New Dialogue

Thus, *a new dialogue* is necessary to create a *political solution* which lays the groundwork that allows one to move ahead; which is the same as creating conditions that do not push us into war; which in and of itself means change.

This first step, and the only possibility of dispelling the specter of war, is to create a *political solution* with the essential participation of all sides; a firm base on which a true *political solution* can be built for solving the various problems which today tend to overflow.

This *true political solution* requires a entire building process of joint responsibility to make it impossible for armed struggle and repression to be a means of resolving contradictions and inconceivable situations of unfairness or for demanding rights.

This *true political solution* implies, of course, a process of change, but before this, it is necessary to set down the bases by building a *political solution*, which also demands change. That is the dynamic of the *new dialogue* that such a delicate situation demands from us.

In this *new dialogue*, talks between the government and the EZLN are of indisputable importance and earn a relevant place but they cannot replace or overlook the many participants. These talks are part of a new dialogue with a series of methods and including a series of participants to find in the short term a *political solution*, and in the medium term a *true political solution* that will put us on the road to peace with dignity and justice. **2. Current Challenges in the Mediation**

These events, as a whole, represent the serious challenges and conditions that the mediation must face under these

circumstances and which, unavoidably, demand a more operational, independent, imaginative, and coherent initiative.

The plan itself, the issues, and the means for the political-military negotiations between the EZLN and the government—which were previously clear—are dangerously ambiguous today, precisely because of the government's *lack of definition* in the present situation following the federal elections and because of the *just expectations* of the Mexican people, who are anxious to hear convincing truths in the face of serious revelations that have been made during the investigation into the murder of Jose Francisco Ruiz Massieu. This has placed at the forefront the people's demand for political morality in issues that concern authority and public service and their concern with the EZLN's *recent break* from the talks with the federal government.

To this we must add the reactions of national political forces and civilian society to the official results of the 21 August elections. The election procedures and resources are still going through the legal assessment mechanisms, and the final conclusion about the presidential elections must be made by the Chamber of Deputies.

In sum, there are urgent signs and events that closely define the parameters of action of the mediation as it has operated so far: the latent and most obvious contradictions due to the replacement of federal and local powers (a sort of "interregnum"); the verbal statements and counterstatements due to registered military movements that have no acceptable verification mechanism and which led first to the warning of "red alert" and later to the break in talks by the EZLN; and a number of events, apparently including common crimes, provocations, and intimidation tactics that could perhaps be explained as actions in the intelligence strategy of a "dirty war."

When things are analyzed from another perspective in this framework of assorted actors, arenas, and levels, mediation is subject to pressure and political games that attempt to limit or adulterate its primary objective. Without the assistance of other social actors with political influence, it is very difficult to halt the harmful effects of such pressures on efforts to reach a concrete understanding between the actors, to further a new dialogue, and to facilitate the construction of peace with justice and dignity.

In sum, we see that the situation has moved us to the limit and that there is a real threat of war. The logistics of the political negotiations and the military confrontation has brought us close to an inflection point from which we must retreat. If we remain spectators, we will be shrinking from our historic responsibility.

The exemplary future of our country is in Chiapas right now. This part of Mexico is not a group of problems isolated from the core of national problems. It is a privileged place where we can open doors to new paths for government policies that will allow us to achieve the

nation we all want: one that is more independent and participative, less unequal and unjust, and more democratic. **3. Initiative for a New Dialogue**

Due to the aforementioned and faced with the fragility of the current cease-fire, we consider it is imperative to propose to the parties, the political forces, and civilian society in our country and in Chiapas the following initiative for a new dialogue (the establishment of a political solution) in four closely related paragraphs. **3.1 Conditions for the New Dialogue**

Regarding this issue, it is a firm argument that actions are essential to maintain trust between the parties. First, it is necessary to admit that this trust has deteriorated in recent weeks. We think that, given the grave and critical nature of the current situation and its challenges, three basic conditions must be met to recover trust:

- A) The Mexican Army and the EZLN must return to their positions as agreed upon in the peace dialogue prior to 23 March 1994.
- B) The postelectoral problem in Chiapas must be satisfactorily solved with the participation of all interested parties.
- C) The EZLN must issue a declaration expressing its willingness to resume the dialogue. **3.2 Agenda for the New Dialogue**

Once the aforementioned conditions are met, it will be necessary to resume a substantial dialogue and political negotiations on the following short term (I) and intermediate (II) focal points.

- A) Permanent verification of the conditions for dialogue (I).
- B) New government in Chiapas (I).
- B.1 Composition.
- B.2 Program.
- B.3 Relations with local congress.
- B.4 Relations with municipalities.
- B.5 Relations with civilian society organizations.
- B.6 Urgent actions.
- C) Problems within the context of Chiapas' current situation (I).
- C.1 The land, its overall situation, and its immediate attention program.
- C.2 Questioned municipal authorities and councils.
- D) National situation (including Chiapas).
- D.1 Political reform (I).
- D.2 The 32 points (I).
- E) Points on agenda prior to 1 December.
- E.1 Political reform (II).
- E.2 The 32 points (II). **3.3 Procedures for the New Dialogue**

It is essential to operate with efficient procedures, which requires joint action given the complexities, mentalities, and participatory rather than exclusive attitudes. The criteria we consider appropriate for proceeding now are:

- A) Tying national issues to state and regional issues, dealing with problems and with participants, groups, and processes.

B) Creating opportunities for meetings and dialogues between groups, participants, political groups, Indian and peasant organizations, and other sectors of civilian society.

C) Working on rapprochement and the definition of positions and demands.

D) Proposing solution alternatives and initiatives between the parties, establishing verifiable agreements.

E) Maintaining and improving communication between the parties, participants, and groups, because they are all equally responsible in the process for peace with dignity and justice.

F) Giving preference to communications between the EZLN and the government through:

F.1 Actions.

F.2 Communiqués.

F.3 Direct meetings on previously reviewed proposals.

3.4 Formation of a New National Mediation Commission

Finally, it is necessary to open a new stage of the National Mediation Commission. This new stage will strengthen the Commission's moral authority and capability to articulate and make proposals. This moral authority and capability will help the commission untangle sociopolitical processes, direct them through political negotiation, and link all sides involved in this project to implement fair and worthy changes that will hopefully lead to lasting peace.

For this reason, we deem it necessary that the Commission members represent voices and experiences that can pave the way for contacts, exchanges of opinion, dialogue, meetings, and negotiations, all of which must be clearly stamped with the sides' honesty, trustworthiness, and true resolve. This commission will report to the Mexican people about its activities, successes, and shortcomings and will act according to any alternatives it might encounter.

After gathering the opinions of various groups and social sectors taking note of the indicators of public opinion in our country, particularly in Chiapas, we propose the following individuals to make up the new stage of the National Mediation Commission:

1. Concepcion Calvillo, widow of Nava
 2. Juana de Garcia Robles
 3. Juan Banuelos
 4. Oscar Oliva
 5. Eraclio Zepeda
 6. Pablo Gonzalez Casanova
 7. Alberto Szekely
 8. Raymundo Sanchez Barraza.
- ### 4. Conclusion

Now I must speak in the first person.

4.1 *As mediator, I hereby make an urgent appeal to the parties to express an opinion on this proposal, which has been deeply meditated upon with the sole purpose of helping construct peace with justice and dignity, alleviating the grief of my people, and reducing the human price that an extension of this conflict would entail.*

4.2 *Similarly, I hereby appeal to those whose names have been proposed to cooperate in this new stage of the National Mediation Commission to make a public statement on this invitation, weigh their decision in light of the seriousness of the situation and their future, and meet the ethical demand for a commitment to this delicate task by contributing their best, guided by the desire to work for the good of our homeland and our brothers, particularly the poor.*

4.3 *In all modesty, I wish to reiterate at this time that, as a pastor in communion with the church and as a man of faith, I have put the gifts with which the Lord has blessed me at the service of this cause of justice and peace.*

4.4 *Humble and repentant, I ask my brothers, the smallest in this land, to forgive me, as I have not been up to my duty in this lofty and demanding task.*

4.5 *I cannot fail to encourage and stimulate all of the movements, organizations, and groups of civilian society to continue their invaluable efforts to lend a human face to the demands for freedom, justice, brotherly love, and peace.*

4.6 *Finally, I appeal from my heart to all political forces to assess their efforts and activities and, laying aside their selfishness and ambition, to endorse all activities that lead to a fairer, more democratic, more united Mexico.*

4.7. *Let the Lord of History, Christ, the Prince of Peace, nourish and strengthen our hope in this time of trial, and let Maria de Guadalupe, mother of our Mexican identity, give us always the favor of her unconditional and loving protection.*

[Signed] Samuel Ruiz Garcia, mediator

[Issued] San Cristobal de las Casas, Chiapas, 13 October 1994

Chiapas Governor, Residents Warn Against Renewed Violence

PA1810185794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 17 Oct 94

[Report by Gerardo Segura from the "Early Morning" newscast—passages within quotation marks recorded]

[FBIS Translated Text] There is tension and uncertainty in Chiapas, given the threat of renewed violence between the Zapatist National Liberation Army [EZLN] and the Mexican Army. The National Mediation Commission [Comision Nacional de Intermediacion] could be installed within hours, to try and resume peace talks that were suspended last week. Chiapas Governor Javier Lopez Moreno warned about the tragedy that resumed violence would bring to the state, saying there is still time to prevent bloodshed.

[Lopez] "The resumption of fighting would be the worst of setbacks for Chiapas. There can be no absolute

winner, and this is why upholding the truce and pressing on toward definitive peace should be our highest commitment."

The people of Chiapas State demand greater commitments on the two sides of the conflict. They say war benefits no one, and it is essential to strengthen peace.

[First unidentified Tuxtla Gutierrez resident] "I hope we can attain the peace and tranquility we all long for so much here in Chiapas."

[Second unidentified resident] "That is what we all want. We want the violations against the Indians and the

peasants to end. The truth is that we are tired of this, and we want peace. We hope it is possible."

The creation of a National Mediation and Verification Commission could be a critical issue for peace in Chiapas.

[Lopez] "Once the National Mediation Commission is installed, within the coming hours, we will be in a position to make much better progress, provided the peace commissioner's proposal is accepted. The proposal calls for a verification commission made up of members of the EZLN and the government, tasked with verifying real and reported difficulties regarding the cease-fire."

El Salvador

Ambassador to U.S.: No Mass Deportations Foreseen

PA1810174294 San Salvador Radio Cadena YSU in Spanish 1800 GMT 17 Oct 94

[Report by Douglas Mejia from the "YSU Radio News" broadcast]

[FBIS Translated Text] Salvadoran Ambassador to the United States Cristina Sol, who on Monday [17 October] visited the Legislative Assembly, said there is goodwill on the part of several U.S. congressmen to solve the immigration problem that the approximately 187,000 Salvadorans living in the United States might face starting in December. Cristina Sol said that despite existing pressure for possible mass deportation of immigrants, Salvadorans should remain calm, because this will not occur.

[Begin Sol recording] I believe there are good intentions from [word indistinct] congressmen with whom we have been in contact. We will continue to do so before the final decision is made. I believe we should remain calm as there will definitely not be mass deportation of Salvadorans. In any case, I believe we must continue fighting together, so that the extension will be granted. I believe the Clinton administration has a good outlook. It must also take public opinion into consideration. That is where we can all help, so that public opinion will favor us. [end recording]

The ambassador explained that the Foreign Ministry is making inroads with U.S. institutions to intervene on behalf of the Salvadorans, although she said that certain congressmen oppose extending the deadline.

[Begin Sol recording] I imagine that some in the U.S. media oppose immigration. Some of the media oppose all U.S. programs. But I do not believe that this represents the opinion of the majority of the U.S. public. [end recording]

Despite the fact that there are those who oppose extending the deadline for the stay of the immigrants, diplomatic sources confirmed that many congressmen are helping Salvadorans living in the United States, including Joe Moakley, Torricelli, and Kika de la Garza, among others. But they said that the final decision will be made by the U.S. executive branch, specifically Attorney General Janet Reno.

President Welcomes Creation of Liberal Democratic Party

PA1810205394 San Salvador Radio Cadena YSU in Spanish 1800 GMT 17 Oct 94

[Report by Balmore Parada from the "YSU Radio News" broadcast]

[FBIS Translated Text] President Armando Calderon Sol welcomed the creation of the new party led by controversial lawyer Kirio Waldo Salgado, who for the past few months has initiated an intense campaign to report cases of corruption involving high-ranking government officials. Right-wing groups proclaimed the creation of the new Democratic Liberal Party, PLD [Partido Liberal Democratico] on Saturday, 15 October.

The president, after welcoming the new party, said Salvadoran democracy will be strengthened.

[Begin recording] [Calderon] We congratulate and wish the best to this new party. The truth is that democracy allows for the participation of all political forces. We are pleased to see that other political parties are being registered during my presidential term. It means there is great respect for democratic institutions in the country. I am also pleased to see more mass media and more political parties in the country. It means people are breathing the air of freedom in El Salvador, in this new El Salvador we are building. We are really pleased to see that other parties are being registered, as provided for by our democratic system and Constitution.

[Unidentified reporter] Will this mean the accusations he has been making will not be heard?

[Calderon] This is all in the hands of the judicial system. It is all in the hands of the institutions in charge of the investigations and the courts. They have the final word. [end recording]

The PLD's provisional board of directors will be presided over by Dr. Kirio Waldo Salgado. Lawyer Luis Augusto Gomez Zarate has been appointed secretary general. The process to legalize the party will be initiated in the Supreme Electoral Tribunal in November.

Leaders on Party Goals

PA1810174894 San Salvador Canal Seis Television in Spanish 0030 GMT 17 Oct 94

[Report by David Barraza from "The Newscast"]

[FBIS Translated Text] Despite the fact that our country is not in an election period, this weekend a new political party was created, founded by right-wing ideologist Kirio Waldo Salgado.

Red, blue, and yellow are the colors of the new self-proclaimed Liberal Democratic Party [PLD], which is headed by Dr. Kirio Waldo Salgado. PLD Secretary Dr. Luis Gomez Salgado swore in 160 followers and founders of this right-wing party under the slogan "With God and for the fatherland, the people's voice."

Dr. Gomez Zarate said that right now no ideological groups exist that respond to the population's ideals.

[Begin Gomez Zarate recording] I believe they [not further identified] must first resolve their problems; we are emerging as a unique alternative for the country. [end recording]

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PLD President Kirio Waldo Salgado said the party will solve many problems if it wins the next election.

[Begin Salgado recording] We are a right-wing liberal party, a progressive right-wing party. We are a right-wing party of change and transformation, a right-wing party that seeks a new economic and social order in the country, favoring progressive right-wing businesses, the middle class, and the popular classes. [end recording]

The emerging political party comprises workers, businessmen, union members, among others, and as of now has 50,000 followers, according to its founders. Any alliances with other political parties have been ruled out.

Judge Issues Warrant for Former Rebel Commander

PA1810195194 Panama City ACAN in Spanish 1526 GMT 18 Oct 94

[FBIS Translated Text] San Salvador, 18 Oct (ACAN-EFE)—A Salvadoran judge has issued an arrest warrant for former guerrilla commander Joaquin Villalobos, accused of slander by wealthy businessman Orlando De Sola, whom the former had linked to the "death squads."

Judicial sources today confirmed that on Monday [17 October] Gerardo Antonio Garay, eighth judge in the Criminal Court of San Salvador, issued a warrant for the arrest of Villalobos, secretary general of the People's Revitalizing Expression (ERP), one of the five groups that make up the Farabundo Marti National Liberation Front.

Judge Garay ruled on 26 August that Villalobos had not committed the crime charged by De Sola and that the latter could file suit against the media that had disseminated the former commander's statements.

Villalobos made these statements during the funeral of Heleno Castro, former ERP [People's Revolutionary Army] rebel commander, who was murdered on 29 October in a central area of the nation.

Alfredo Parada, De Sola's defense counsel, labelled Garay's ruling as "absurd." Thus he appealed to the Center's Second Criminal Court, Section One, in this capital. On 4 October this court ruled that Villalobos had indeed committed slander.

In his resolution yesterday, Garay accepted the court's ruling and issued a warrant of temporary arrest against Villalobos, 42.

An ERP source told ACAN-EFE today that as of now Villalobos had not received an official notice from the court and that shortly he would be issuing a statement to the press.

Honduras

Former Employees Seize Natural Resources Ministry

PA1710225694 Hamburg DPA in Spanish 2103 GMT 17 Oct 94

[FBIS Translated Text] Tegucigalpa, 17 Oct (DPA)—Some 40 former Honduran Natural Resources Ministry employees today seized the installations of this government agency demanding payment of their benefits.

The occupiers are demanding payment of their benefits and those of 400 people who were dismissed without being paid their respective benefits.

The former ministry employees claim that political considerations prompted their dismissals because other people are holding the posts, and new posts have even been created.

Meanwhile, Natural Resources Ministry authorities said they will try to reach an agreement with the former employees to pay them their benefits and avoid obstructing the operations of this ministry.

Nicaragua

Government May Seek Former Official's Extradition

"A1810163594 Managua BARRICADA in Spanish 17 Oct 94 pp 1, 10

[Report by Oliver Bodan]

[FBIS Translated Text] Speaking at the Augusto C. Sandino International Airport moments before departing on an official visit to Jamaica, President Violeta Barrios de Chamorro said that the Nicaraguan Government is preparing to request official confirmation from the United States about the presence of fugitive Antonio Ibarra Rojas Ocampo, better known as "Tony" Ibarra, in Detroit, Michigan, in order to subsequently arrange his extradition.

On 18 October, the Interpol office in Managua will be forwarding a fax of a BARRICADA report on "Tony's" presence in Detroit, where he has been working temporarily with the Catholic Youth Organization (CYO) as a youth leadership training program adviser.

A government source told BARRICADA that the Nicaraguan authorities will request information from Interpol-Washington through Richard Denis, Junior, a U.S. Department of State official attached to Interpol.

Denis met "privately" with Interpol representatives from Peru, Paraguay, Chile, Uruguay, Mexico, and Nicaragua, among others, during the 43d Interpol General Assembly, held recently in Rome, in order to present the new procedures and requirements for information disclosure since the gringos are very reticent... "they demand a lot, but give little in return."

Our source, who is close to the president's office, disclosed that "Without a doubt he (Ibarra) has moved. Once we have confirmed where he lives, the Foreign Relations Ministry (Minrex) will begin extradition arrangements. We are almost sure the U.S. Supreme Court will oppose the request."

The file on the former vice minister of the presidency has been sent to 146 countries and is filed under a red seal, which identifies "highly dangerous" individuals as "international criminals."

Ibarra has been travelling under U.S. passport no. 023380337, issued in May 1989. His immigration and naturalization number is A35608724. While living in Cochabamba, Bolivia, his alien registration number was 929067, according to Foreign Ministry sources.

President Chamorro pointed out that Minrex is still working on the Ibarra case, even though the request for extradition will be prepared by the Office of the Attorney General, which is ascribed to the Supreme Court of Justice.

"I do not know what he did to get away, but, well, as you can see, he is now in Detroit. Haven't you seen that BARRICADA has all the information, the place, who gave him employment, everything?" the president said before boarding the American Airlines jet no. N705AA.

On the other hand, Presidency Minister Antonio Lacayo Oyanguren emphasized that once Tony's presence in Detroit has been confirmed, the measures that need to be followed will be studied "in order to try to have this person returned to Nicaragua, just as we tried to do when he was in Bolivia. He has charges pending here with the justice system."

According to Lacayo, since Foreign Minister Ernesto Leal Sanchez is in Miami, the Nicaraguan Government, through Deputy Foreign Affairs Minister Jose Pallais Arana, will be contacting the U.S. State Department through its embassy in Managua.

"I imagine that Bolivia must also be on Ibarra's trail because he also did some mischief over there. But we are not coordinating with them on this issue. What amazes us most is that they let him leave. It seems to have been an escape," Lacayo commented.

Ibarra fled Bolivia last August. He is accused of having bribed former Supreme Court President Edgar Oblitas Fernandez and former Supreme Court Magistrate Ernesto Pope Subieta in order to block his extradition to Nicaragua.

Ibarra is wanted in Nicaragua on charges of embezzling more than \$1 million earmarked for several projects under his aegis during his tenure as a government official.

BARRICADA Reorganization Reported

PA1810234694 Managua LA PRENSA in Spanish
15 Oct 94 pp 1, 12

[FBIS Translated Text] Quito, 18 Oct (AFP)—The internal differences in BARRICADA seem to have

reached a peak, after the existence of a new organizational chart became known. The chart indicates the removal of Carlos Fernando Chamorro, general director of El Amanecer Publishing Company, from his current position.

Workers from the newspaper, who have asked to remain anonymous, have said that with the reorganization, only Chamorro Barrios will remain as director of the newspaper BARRICADA, a position which is equivalent to a virtual general editorship.

The reshuffling of the high-ranking positions of the newspaper includes a new position for Bayardo Arce Castano, the current president of the Editorial Council, president of the board of directors, and now executive president.

A source who wished to remain anonymous has said: "All these changes have been made in order to corner Carlos Fernando and all those who support his ideas."

The arrival of Arce's sister, who was named assistant manager, has made the situation more tense, a situation against which workers expect to defend themselves by forming a union that will include all the editors who work more closely with Chamorro.

Carmen Mercado, the newspaper's general accountant, was fired recently for allegedly presenting proof in an attempt to incriminate Chamorro Barrios for corruption, a charge of which he was totally innocent.

With all this happening, BARRICADA workers have decided to form a union which they will submit to General Manager Ronaldo Gomez.

The split in BARRICADA has been intensified, according to our source, by the attitude assumed by the sister of the executive president, Yamileth Arce Castano, who has threatened to fire all those who support Carlos Fernando Chamorro.

Our source has said: "The staff of the editorial department not only support Carlos Fernandez Chamorro, but all the other departments of BARRICADA."

Panama

Foreign Minister Explains Decision To Accept Cedras

PA1810161794 Panama City Circuito RPC Television
in Spanish 2300 GMT 17 Oct 94

[Report by Luis Polo Roa from the "RPC Television News"]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo appeared today before the Legislative Assembly.

The foreign minister, who was accompanied by several recently appointed ambassadors and Foreign Ministry

advisers, mainly discussed the reasons that prompted Panama to accept former General Cedras and the group of exiles who arrived with him.

Lewis Galindo provided an in-depth explanation of the negotiations between the Panamanian and U.S. Governments, along with the OAS, and Haitian authorities to ensure Cedras' asylum in Panama.

According to the foreign minister, it was Cedras and his entourage who finally insisted on coming to Panama, despite the fact that the governments of El Salvador, Spain, and Argentina also offered asylum which was subsequently rejected.

[Begin Lewis Galindo recording] As I told you a few minutes ago, this all started because of a request by the OAS secretary general. This in itself was addressed all Latin American countries. It also occurred as result of the insistence of the constitutionally elected president of Haiti, because Mr. Cedras did not want to go anywhere but Panama.

I have told him that he is not here because we adore him. He is here because of a request by the OAS and the United Nations aimed at solving the Haitian crisis. [end recording]

The foreign minister and his advisers were questioned about why Panama has been so complaisant toward the United States, especially now since the current PRD [Democratic Revolutionary Party] administration has always been opposed to U.S. policies. [sentence as heard] In response, the minister said that although it is true that Panama owes the United States some favors, it is possible that this decision could very well prompt Panama's access to NAFTA by bringing this country closer to the principal free trade partners.

The foreign minister also touched on the issue of a Panamanian delegation for a peace mission to Haiti, as requested by the OAS. In this respect, he pointed out that no formal request has been received, but that Panama still favors providing the necessary assistance.

Argentina

Economic, Human Resource Aid Granted to Haiti

PY1810191294 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2206 GMT 17 Oct 94

[FBIS Translated Text] Hernan Patino Mayer, the Argentine ambassador to the OAS, stated on 17 October that the Argentine Government has offered Haitian constitutional authorities "economic aid and human resource assistance."

Patino Mayer said that Argentine Foreign Minister Guido Di Tella made this offer to Haiti's constitutional President Jean-Bertrand Aristide on 15 October following the ceremony in which he and other officials ousted by General Raoul Cedras were reinstated.

He said: "The foreign minister discussed with Aristide and government officials the possibility of providing Haiti with money and also with human resources to help reconstruct the government."

Patino Mayer explained that Haiti needs "to be reconstructed from a human, administrative, and organizational standpoint so as to allow the channeling of resources." He considered this "the central aspect" of this stage in the Caribbean island's history.

With regard to Argentine Government aid to Haiti, Patino Mayer said: "Some 10 months ago, Argentina offered the constitutional government \$230,000."

This is what the OAS must pay Argentina "in reimbursements," and which would be earmarked for aid to Haiti.

The ambassador to the OAS said the problem confronting Haiti "does not lie so much in the lack of resources, but rather in how these resources are appropriated in a country that lacks good management, economy, and institutions" after three years "in the hands of a totally arbitrary and minority group."

Patino Mayer, speaking by radio, said: "There is practically no infrastructure. Had it not been for the multinational forces in Port-au-Prince, there would have been almost no water or electricity supplies. The constitutional president has arrived in Haiti to form a government from nothing."

He underscored the importance of the credits the IMF, the World Bank, and the Inter-American Development Bank granted to Haiti, amounting to some \$1.2 billion.

He said that in addition to credits from these international organizations, "some governments have canceled Haiti's debt with them" so as to enable its economic recovery.

CILFA Head Criticizes U.S. Ambassador on Patent Law Issue

PY1810155094 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1208 GMT 18 Oct 94

[FBIS Translated Text] Buenos Aires, 18 Oct (NA)—Pablo Challu, the Argentine Industrial Center of Pharmaceutical Laboratories (CILFA) executive director, has

described as "unfortunate" the remarks made by U.S. Ambassador James Cheek, who again asked that the Pharmaceutical Patent Law be quickly approved by Congress.

Challu deplored the U.S. diplomat's "lack of judgment" now that Congress will make a decision on this issue.

President Carlos Menem stated a few days ago that judgment would soon be passed on a Patent Law draft agreed upon among the interested parties, a draft that meets GATT standards.

The Senate also called all interested parties to explain their stand during public sessions that were held throughout 1993 and 1994.

The CILFA executive director pointed out: "All of us who are involved in this issue have received information that a strong effort is being made to secure a unanimous judgment."

Therefore, Challu emphasized that the ambassador's renewed offensive "lacks judgment and timeliness."

Menem Denies U.S. Pressure on Pharmaceutical Patent Issue

PY1810155694 Buenos Aires TELAM in Spanish 1318 GMT 18 Oct 94

[FBIS Translated Text] Buenos Aires, 18 Oct (TELAM)—President Carlos Menem today confirmed that the United States "is not exercising any pressure" for Argentina to approve the Patent Law draft before the end of the year. In remarks to TELAM, the president also stressed that congressional discussion of this draft "is not in jeopardy" because "the parties involved," at industrial and political levels, "have already reached an agreement."

Menem Comments on 1995 Elections, Departs for Austria

PY1810182094 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1546 GMT 18 Oct 94

[FBIS Translated Text] Buenos Aires, 18 Oct (NA)—President Carlos Menem departed for Vienna shortly after midday on an official visit to Austria. Before boarding the plane Tango 1, he confirmed his belief that "a runoff will not be necessary" because "Justicialism will win" the 14 May elections "by an overwhelming margin." Menem made these remarks during a brief news conference before boarding the plane that is taking him to Europe.

In Austria, the president plans to meet with top Austrian officials to enhance political and trade relations. The president will also pay a short visit to the German city of Zeil, where he will meet Europe-Argentina Club members. The Europe-Argentina Club is designed to promote cooperation between Argentine and European entrepreneurs.

Menem will ultimately go to Tunisia, where, along with Tunisian President Ben Ali, he will visit the frigate "ARA [Argentine Navy] Libertad," the Navy's training ship, which will dock in the Tunisian port [not further specified] on that day.

Menem's entourage includes his daughter Zulema; Foreign Minister Guido Di Tella; Formosa Governor Vicente Joga; Brigadier Juan Paulik, the Air Force chief of staff; Senator Antonio Cafiero; and other government officials and special guests.

During his stay in Vienna, the president will meet his Austrian counterpart, Thomas Klestil, and will participate in a ceremony to exchange documents ratifying a bilateral agreement on Reciprocal Promotion and Protection of Investments. Menem's visit to Austrian territory ends at noon on 21 October. He has a busy agenda that includes meetings with top Austrian Government officials.

On 21 October, in the afternoon, the president will arrive in Munich, from where he will go to the Zeil castle. There, he will meet with Europe-Argentina Club members and deliver a speech aimed at promoting increased investments in Argentina by these entrepreneurial groups. Menem will return to Munich that afternoon and stay overnight in this German city; he will leave for Tunisia in the morning of 22 October. At noon on 22 October, Menem and his Tunisian counterpart, Ben Ali, will go to the port of Tunis, where they will participate in a reception ceremony for the frigate "Libertad," which is carrying out its yearly cruise for training new midshipmen.

Afterward, Menem and Ali will go to the Presidential Palace of Carthage where they will have lunch together. Menem will return to our country in the afternoon of 22 October.

Comments on Domestic Issues

PY1810170394 Buenos Aires TELAM in Spanish 1536 GMT 18 Oct 94

[FBIS Translated Text] Buenos Aires, 18 Oct (TELAM)—President Carlos Menem left shortly before 1230 [1530 GMT] today for Austria from the Ezeiza International Airport.

Before his departure, the president held a news conference in which, discussing the Schoklender brothers case [involving two brothers who killed their parents and were holding a hunger strike in prison], he pointed out that the Schoklender brothers' hunger strike "was absolutely of a political nature," and emphasized that it was "Hebe de Bonafini [a Mothers of Plaza de Mayo leader] who announced that they were lifting their strike."

Menem also emphasized that the current government "is among those who did their utmost" to improve the situation prevailing in Argentine prisons.

Naval Aviation Holds Maneuvers in Tierra del Fuego Province

PY1710205994 Buenos Aires LA NACION in Spanish 15 Oct 94 p 12

[FBIS Translated Text] The Office of the Naval Aviation Command has just been on maneuvers in Tierra del Fuego Province. Twenty-two aircraft and over 300 men participated in this important military exercise.

Captain Fernando Jose Sola, commander of the 1st Sea and Air Force, which is headquartered in Punta Indio, commanded the maneuvers in which Trackers, Super Etendard, Beechcraft BE-200, Pilatus Porter, Electra, and Fokker F-28 planes and Sea King and Alouette helicopters participated.

The exercises included air support flights for ground troops, attacks on Navy units, air escorts, anti-submarine drills, maritime traffic control, search and rescue operations, and air refueling with Air Force Hercules planes, which were undertaken with the support of units from the Sea Fleet and the Marines.

The maneuvers, which lasted for 10 days, were highly commended at the Office of the Naval Aviation Commander, headed by Admiral Basilio Pertine. It was also noted that "as important as was their strictly professional nature, the maneuvers were also a reassertion of the close relationship between the Navy and residents of Patagonia's coastal region and Tierra del Fuego Province. [no closing quotation marks as published]

Military Exercises End in Northern Jungle Zone

PY1810225394 Buenos Aires TELAM in Spanish 2233 GMT 17 Oct 94

[FBIS Translated Text] Posadas, Misiones, 17 Oct (TELAM)—The training exercise of the Argentine Army's 12th Jungle Brigade will conclude tomorrow with a parade of the troops in Eldorado.

The operation, code named "Carai Caaguy," which means jungle men in Guarani, started two weeks ago. Participating in the exercise were troops from the 29th Jungle Infantry Regiment of Formosa and the 30th Jungle Infantry Regiment of Apostoles, among other specialized units.

Also participating were the 7th Artillery Group of Resistencia (Chaco), the 12th Jungle Hunters Company of San Javier, the 12th Engineering Company of Bernardo de Irigoyen, and the 9th Jungle Infantry Regiment of Corrientes.

General Calixto Julian de la Torre, commander of the 12th Jungle Brigade, explained that the most important operations were carried out in the north of the province, on Provincial Highway 19 and near the Uruguay-i dam lake. The exercises were coordinated by an intelligence computer system.

The exercises in Misiones' jungles involved troops in theoretical invasion situations.

Gen. De la Torre said that as jungle men "we are trained to operate and fight in this environment, the jungle."

"We have done a great job with our personnel, who showed great operational and physical capacity, and above everything else the spirit that is expected of an Argentine soldier," De la Torre said.

Bolivia

Direct Talks With U.S., Increased Presence in Washington Urged

PY1810220494 Cochabamba LOS TIEMPOS in Spanish 9 Oct 94 p A10

[Editorial by Jose Luis Roca: "The Importance of Dealing Directly with Washington"]

[FBIS Translated Text] In this column we have repeatedly spoken of the need for our government, this one or any other, to discuss its most urgent bilateral problems directly with Washington. It is not a case of minimizing the role of ambassadors accredited to our country, rather to place the situation in its true dimension and perspective. Even though they may have good intentions when they champion our interests in the imperial capital, they cannot go far.

An ambassador is one of 200 chiefs of mission that represent the United States in different places around the world, and their interlocutors are nearly always third or fourth level officials because that is the channel established by the rules and regulations of the foreign service. This does not mean that the U.S. Government minimizes its diplomats, it is simply that this is the way the world functions and the rapid changes experienced leave no time for high-ranking officials to personally look into matters, no matter how delicate or serious they may be.

Instead, if a chief of state has the necessary personality and contacts he can send a couple of ministers to Washington and have them heard by colleagues at their same level. This is precisely what Colombia did last week to restore its dignity after it had been denigrated by a DEA chief. On ending his tour, this person had the temerity to say on television that Colombia is a "narco-democracy" and that traffickers influence the government, Armed Forces, Congress, and the judicial branch.

Immediately President Ernesto Samper sent Foreign Minister Rodrigo Pardo and Defense Minister Fernando Botero (yes, he is the son of the famous sculptor and painter of the same name) to Washington to put matters right. They were received personally by Secretary of State Warren Christopher, the secretary of defense, and by the drug "czar"—the top DEA boss throughout the world. There was a public apology, and that obscure former policeman who abused his diplomatic passport

(and for the first time the country was able to see his face and know his name) was relegated to the lowest and most paltry role.

It is true that our country does not have the economic, political, and diplomatic clout of Colombia (which has its second former president as OAS secretary general), but the task must be started. Our embassy in Washington must be beefed-up with a generational and multi-professional team of about five well-chosen and well-paid persons. Although the expense will hurt, we must also have, if we already do not have it, the permanent advice of a lobby group—experts at achieving goals within the bureaucratic jungle of the Potomac River which is regulated by U.S. law.

In Bolivia (as in Colombia, until that gaffe occurred) we do not know the name of the DEA chief, the location of his office, nor how long he has been in the country. We have never seen his face, and yet he exercises a power that might even surpass that of the ambassador himself. This and other matters need to be dealt with now, in Washington.

Government Studies Bases To Legalize Coca

PY1810231594 Cochabamba LOS TIEMPOS in Spanish 7 Oct 94 p A4

[FBIS Translated Text] The Bolivian Government, in cooperation with the Peruvian Government, will analyze the most appropriate, effective, legal, scientific, and technical bases for the start of an international campaign to legalize coca.

Foreign Minister Antonio Aranibar Quiroga made the announcement. He mentioned a report produced by the International Board for Drugs Supervision, JIFE, that was presented last year in Vienna, which states that there are international legal contradictions over coca.

It is included on list No. 1 of the 1961 Convention and the 1988 Vienna Convention. The latter recognizes the legality of coca in countries where it is part of local culture and tradition.

Aranibar said the JIFE "has suggested two ways to overcome international legal contradictions: Either coca is withdrawn from the list, or the legal status of coca in Peru and Bolivia is eliminated from the 1988 Convention."

Aranibar said we may worsen our situation if we only seek to legalize coca, which is currently banned by the international community.

"If we later ask the international community to legalize coca and the proposal is rejected, we would risk the legal status of coca in Bolivia and Peru. The campaign must be coordinated between our two producing countries," Aranibar said.

The minister said the great national debate called by the president of the Republic has not ended because there

are requisites for dialogue and agreement with coca producers, especially on coca/cocaine-related issues: among them the nation's social and economic problems and our rural and urban poverty situation.

Quiroga said the national debate on the coca-cocaine issue and the consensus on the need to work at the international level for the so-called legalization centers on the need to withdraw coca from the 1961 Vienna Convention list, where it is considered a drug.

The country is aware that the government proposal will have great difficulties at the international level because there is great prejudice and ignorance about coca and its by-products. There is great confusion between coca and cocaine. This confusion is not just the consequence of prejudices and interests, but also derives from the fact that cocaine is made from coca.

Quiroga concluded: "Therefore, we are faced with a very sensitive issue and any strategy to legalize it must first produce scientific and technical arguments on the benefits of coca and show that what is being said on the hazards of coca at the international level is not true."

Minister Denies Alleged 'Uneasiness' Within Armed Forces

*PY1810203694 Santa Cruz EL MUNDO in Spanish
9 Oct 94 p 11*

[FBIS Translated Text] Presidency Minister Carlos Berzain has stated that absolute normalcy prevails within the Armed Forces of the nation. He added that the alleged uneasiness indicated by General Shiriqui is not evident, as he could verify the existence of absolute tranquility within the Army, the Air Force, and the Navy.

The minister said the only one who was uneasy within the Armed Forces was Gen. Shiriqui, who had assumed a strictly political position, as in announcing his candidacy his aspirations have also been made known.

Sanchez Berzain added that political activity and service to the fatherland within the Armed Forces are two different things, and cannot go together. He went on to say that as of today no one must refer to Shiriqui as the general but as a politician, as the military issue has been closed to him.

He concluded by saying that during his brief visit to Santa Cruz he had had the opportunity to talk to many people, and had not detected any restlessness within the Armed Forces. For this reason he ruled out completely the supposed restlessness invented by Gen. Shiriqui.

Editorial Assesses Effects of 12 Years of Democracy

*PY1810163394 Santa Cruz EL MUNDO in Spanish
10 Oct 94 p 11*

[Editorial: "Twelve Years of Democracy"]

[FBIS Translated Text] Dictatorships hardly have a chance after 12 years of democracy. The changes at an international level are the best guarantee for a democratic continuity, not only in Bolivia, but also in the rest of Latin America.

In any case, the system of democratic liberties that prevails in our country requires solid economic grounds to project itself into the future; otherwise, the social problems will become a factor of permanent political tension.

Democracy without economic development will end up generating unemployment and, consequently, belts of poverty around the cities. Under these circumstances, it is only normal that people start having doubts about democracy, although, on the other hand, at least in Bolivia, the dictatorships did not contribute to the economic growth but, on the contrary, were true sources of corruption.

As we celebrate 12 years of democracy, we must point out that the Bolivians have conquered great liberties; however, we are still backward in the economic and social fields. The first government of the current democratic process, in its attempt to restore democracy, created a climate of growing anarchy, worsened by hyperinflation. The government that followed, consistent with the terms of the political coalition formed to govern, was able to curb inflation and open the path for a free economy; it was unable, however, to give impulse to development. For its part, the Patriotic Accord government only listed the great changes, without being able to carry them out. The current regime is in the same situation regarding the concrete achievements. In part, there is the legal framework, but a series of political-partisan differences have become a barrier for the changes proposed.

In general terms, it is very difficult to establish a legal order to guarantee democracy. It is even a greater problem to attain economic development levels that meet the people's aspirations.

Bolivian democracy, conquered with so much effort, seems strong. However, it has its weak points, such as the economic stagnation that generates poverty, corruption that causes distrust in the system, the weakness of the political parties, and the rarity of promotions of political leaders. In any case, we do not find a single sound argument to back the assertion that there is a political organization superior to democracy. This is even more true when we realize that many of the country's shortcomings—including the lack of true democratic leaders—are the result of long dictatorships that affected the Republic.

Brazil

Yeltsin Sends Message to President-Elect Cardoso

PY1810183994 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 19 Oct 94

[FBIS Translated Text] President-elect Fernando Henrique Cardoso, in Moscow accompanying Ruth Cardoso—who is attending a congress—has submitted a message to Brazil. In his message, Cardoso said he is reflecting on the challenges he will have to meet when taking over as president, in order to resolve the serious social problems affecting Brazil. Cardoso greeted President Itamar Franco, emphasizing that he, Franco, will know how to lead the country with firmness and calmness.

Russian President Boris Yeltsin sent a message to the president-elect, saying he is happy with Cardoso's victory. Yeltsin conveyed good wishes to Cardoso and to the Brazilian people.

Russian Media Cover Cardoso's Private Visit

PY1910023194 Sao Paulo AGENCIA ESTADO in Portuguese 1831 GMT 17 Oct 94

[FBIS Translated Text] Moscow, 17 Oct (AE)—Three Russian newspapers have covered Fernando Henrique Cardoso's private visit to Russia. Brazilian President-elect Fernando Henrique Cardoso's trip has also been covered by Russian local radio. The newspaper KOMMERSANT DAILY has given special coverage to the visit, and mentioned Cardoso as one of the new international political leaders. Worried about inflation in rubles, which caused the ouster of Russian Central Bank President Viktor Gerashchenko, the Russians have given special emphasis to the Brazilian stabilization program.

Cardoso's election was attributed by the newspapers to his work as finance minister, adding that he "won political dividends" with the real. The Russian media also emphasized the alliance "with centrist political forces" which elected Cardoso and supported a program of economic reforms. One of the president-elect's sentences was given special importance: "I belong to the left, but not to the obsolete left."

Although he did not officially inform the Russian authorities of his visit, Cardoso has received a letter from President Boris Yeltsin. In addition to congratulating him on his election, Yeltsin said that he counted on stronger bilateral relations between the two countries "to favor the strengthening of international stability."

Minister Confirms Purchase of Russian Weapons

PY1810210194 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Oct 94 Section 1 p 4

[FBIS Translated Text] Foreign Minister Celso Amorim yesterday ended his official visit to Moscow.

During a news conference, he confirmed that Brazil has purchased Russian-made weapons and that the Brazilian Government might be interested in exchanging military missions and personnel training.

According to the top state-run company "Rossvoorujenie," [as published] which has a monopoly on arms exports, Brazil has already purchased Russian arms worth \$150 million. Among such weapons are "Igla" anti-aircraft missiles, which are similar to the U.S.-made "Stinger."

Russia's "Interfax" news agency reports that a Brazilian military mission has purchased 300 T-72 tanks. "Rossvoorujenie" denied this report but confirmed the delegation's visit.

Patents Law 'Only Pending Commercial Conflict' With U.S.

PY1810191394 Sao Paulo AGENCIA ESTADO in Portuguese 1400 GMT 15 Oct 94

[Article by Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 15 Oct (AE)—The only pending commercial conflict between the United States and Brazil is the absence of a Brazilian industrial patents law. The lack of a law results in disrespect for intellectual property rights and thus the failure to pay royalties to the creators of various products, especially in the pharmaceutical area. The Brazilian Chamber of Deputies has already approved a new patents law, which was submitted to the Senate, where for the past 188 days it has been in the hands of PMDB [Brazilian Democratic Movement Party] Senator for Paraiba Antonio Mariz, within the Justice committee. Meanwhile, Brazilian exporters—especially orange juice exporters—are preparing to ask the U.S. Government to decide on a \$492 surtax that must be paid on each ton of orange juice entering the United States.

Adermeval Garcia, president of the Brazilian Association of Citrus Fruit Growers (ABCitros), has said it is absurd that the U.S. Government, which preaches capitalism and a free market economy, should tax Brazilian orange juice just because of the inefficiency of U.S. producers. "In the end it is the U.S. consumers who pay the surtax. This should be very clear, because we want compensation," he said. He said the request will be made within the Uruguay round of talks of the new World Trade Organization (WTO), which will become operational in January 1995. [sentence as received]

Exporters of various types of steel, which is taxed in the United States, share the position of orange juice producers. They claim the U.S. Government is protecting the inefficient U.S. iron and steel industry, to the detriment of others in the market who compete with better prices and without any subsidies. This is the opinion of Laerte Setubal Filho, director of international affairs of the Sao Paulo State Federation of Industries (FIESP). This position is shared by Roberto Caiuby Vidigal,

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president of Confab [National Brazilian Steel Forging Company] Industrial, which is a major exporter of tubes and other steel products, which are taxed in the United States.

Senator Mariz has the patents bill, which was approved by the Chamber of Deputies 188 days ago. He received it from Beni Veras—the current planning minister—when he left the Senate. Veras chaired the Justice committee. The main entrepreneurial organizations do not believe the Senate will vote on the bill by the end of the year.

Interfarma Vice President Francisco Teixeira has said there is no reason for delaying the approval of the new patents law. He said many companies are awaiting a definition from the Brazilian Congress before deciding on further investments in Brazil.

Contrary to what had been said—when the Chamber of Deputies had yet to approve the patents bill—the U.S. Government has not pressured for the approval of the bill. Following the approval of the Senate Justice Committee, which will decide if the bill follows constitutional principles, the patents bill will be submitted to the Economy and Finances Committee for another evaluation, before consideration by the Senate plenary session. This process could be completed in 60 days and—if everything goes well—the bill should be submitted to the president.

President-elect Cardoso's Future Foreign Policy Viewed

PY1810225994 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Oct 94 p 3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia—President-elect Fernando Henrique Cardoso believes Brazil should have a "more uninhibited" participation in international relations. Over the past few days he confided to some advisers that his foreign policy will be more aggressive in every sense, including politics and trade.

In at least one action of the Foreign Minister Celso Amorim's management, the president-elect observes an aggressive attitude: The defense of Brazil as a candidate to a permanent seat in the UN Security Council. More than once Cardoso praised the attitude of Amorim who last week obtained the support of Russia during his visit to that country. Russia was the first of the five permanent members of the UN Security Council to support the Brazilian candidacy.

To achieve a permanent seat will be the main foreign policy objective of the Cardoso administration, once Mercosur, the Common Market of the South—which is another important subject on his agenda—becomes operational.

Of Latin American countries, Venezuela has so far been the only country to officially express support for Brazil.

President Rafael Caldera announced this a few days ago during the 49th session of the UN General Assembly in New York. This gesture has moved Brazilian diplomacy, and Cardoso plans to thank him during his planned tour of Latin America. Before December, he is scheduled to visit Buenos Aires, Caracas, and Mexico. He will also visit the United States, Japan, China, and Germany once he is proclaimed by the Superior Electoral Court (TSE) as president-elect, as he himself makes a point of remarking. The aggressive foreign policy of the new administration will imply many trips for the new president. "In the modern world, presidents direct the foreign policy," he said recently, stressing that he will be directly linked to diplomatic subjects. In diplomatic circles it has been learned that former Foreign Minister Fernando Henrique Cardoso will closely follow foreign policy developments. Despite many speculations about the future foreign minister, who could be a career ambassador or a politician, the president-elect has referred to the subject only vaguely.

A few days ago he told his advisers that the future foreign minister may be a career diplomat.

The president-elect has not yet decided whether to accompany President Itamar Franco to the Americas Summit on 9 and 10 December in Miami. He has told an adviser that this kind of trip would be "somewhat strange" despite the fact that U.S. President Bill Clinton invited Itamar Franco and his future colleague Cardoso.

The Itamaraty protocol section is working on the possibility of a two-president trip. On 14 October, Chamber of Deputies President Inocencio de Oliveira said President Franco will make three trips abroad before the end of the year and that Cardoso could accompany him to Miami. President Franco will visit Portugal on 29 and 30 November to dedicate the community of Portuguese-speaking countries. Oliveira said Franco will travel to Paris in December, accepting an invitation by President Francois Mitterrand.

Cardoso Wants SAE Out of Espionage, To Only Evaluate Social Concerns

PY1810212894 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Oct 94 Section 1 p 4

[Article by Gilberto Dimenstein, director of the Brasilia Bureau]

[FBIS Translated Text] President-elect Fernando Henrique Cardoso intends to reorganize the government's information structure, which today is headed by the SAE (Strategic Affairs Secretariat).

The SAE is the new version of the SNI (National Information Service). Cardoso wants it to closely follow social conflicts.

Admiral Mario Cesar Flores, current minister-chief of the SAE, will remain in his post.

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Cardoso wants the SAE to give up its espionage activities and merely evaluate the political scenario, concentrating on detecting areas where social conflicts could occur during his presidency.

The future president has already briefed the SAE, which has begun to identify sectors where the social crisis could deteriorate.

Maps of two sectors are nearly complete: The rural area where there could be conflicts between the landless, squatters, land grabbers and the ranchers; and an evaluation of the situation in the main shantytowns of the very large cities.

The president-elect's strategy will serve as a basis for the implementation of emergency social policies, thus preventing explosions and conflicts.

The economic team stresses that even if the real plan succeeds there will be a need for emergency social policies to help workers with low salaries or who are under-employed.

In this case, they will receive priority assistance in the areas identified by the SAE, to prevent ever-increasing social tension. Cardoso does not reject the hypothesis of a policy of what he calls "firm" security in those areas.

He told his advisers that, if necessary, he would "demonstrate the presence of a strong state" by using the Army to fight crime in Rio de Janeiro.

The last time he visited that city, Cardoso nearly observed a so-called beach dragnet by young delinquents on the Arpoador Beach.

A driver was assaulted on the Copacabana street where Cardoso visited an uncle for 40 minutes.

The future president admits that security policies will not work unless they go hand-in-hand with emergency social policies, including medium- and long-term policies.

Communists, Socialists Gain Congressional Seats in Election

PY1810200794 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Oct 94 p 5

[Article by Eliane Cantanhede from Brasilia]

[FBIS Translated Text] Both the PC do B [Communist Party of Brazil] and the Brazilian Socialist Party increased their strength during the recent elections. The alliance of five political parties—called the Brazilian Popular Front—which supported Luis Inacio Lula da Silva as its candidate for the presidency, obtained 70 seats in the Chamber of Deputies and seven in the Senate.

The PT [Workers Party], which continues to be the largest party within the alliance, suffered a double setback: It did not really succeed where it ran on its

own—like in the state of Acre—and, where it set up alliances it was "restricted" by its own partners. In the Federal District, for example, it could have obtained one or two more deputies beside Chico Vigilante, but one seat was taken by Agnello Queiroz of the PC do B, and the other by Augusto Carvalho of the PPS [People's Socialist Party].

Antonio Augusto, director of the Inter-Union Department for Congressional Advice (DIAP), believes the leftist bloc will have a minimum of 130 members if one considers the 6 senators and 30 deputies of the PDT [Democratic Labor Party], the five deputies of the dissident PSDB [Brazilian Social Democracy Party] of Bahia State, and the five others belonging to the PMDB [Brazilian Democratic Movement Party] that are disseminated throughout the states: for example, Zaire Rezende of the PMDB and former mayor of Uberlandia (MG) [Minas Gerais State].

Relations with Fernando Henrique Cardoso's government will not always be homogeneous. As PPS member Raul Jungman, the secretary general of the Planning Ministry, says: "Social democracy functions like a pendulum throughout the world, and thus it will happen in Brazil." In other words: When "the pendulum" swings near, it will be difficult for the left not to agree with the government on the reforms it wants.

Workers Party Delays Decision on Political Alliances

PY1810183794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Oct 94 p A5

[Article by Cley Scholz and Lucia Helena Gazzola]

[FBIS Translated Text] After two days of debate, the PT [Workers Party] has not yet been able to make a decision on the position that it will adopt in the runoff in the states where PT candidates were defeated. The PT national executive board, which met in Sao Paulo over the weekend, approved a general resolution for orientation purposes, transferring to regional party boards the decision to select whom they will support. "We did not want to force state party boards," PT President Rui Falcão said.

The resolution excludes alliances with "rightist" parties, but in practice it does not prevent the party from accepting the PPR [Progressive Renewal Party] support for PT candidate Olivio Dutra in Rio Grande do Sul. The resolution does not ban the support from parties engaged in alliances that include rightist parties either, parties like the PSDB [Brazilian Social Democracy Party], which made a nationwide alliance with the PFL [Liberal Front Party] and the PTB [Brazilian Labor Party].

The Sao Paulo party board met yesterday but did not decide whether to support PSDB candidate Mario Covas or remain neutral, because the possibility of supporting PDT [Democratic Labor Party] candidate Francisco

Rossi has already been ruled out. After a full day of discussions, some 80 party leaders decided to call for a state-level party meeting for 23 October, inviting representatives of all municipal district boards.

The lack of a definition upset several leaders. Within the national executive board, the members of the ultra-leftist In Struggle PT movement—among them Communications Secretary Markus Sokol—wanted to support candidates of democratic, popular movements, explicitly excluding the PSDB. Reelected Federal Deputy Eduardo Jorge, of the “rightist” Radical Democracy movement, wanted the PT to support PSDB candidates to governor in Sao Paulo, Minas Gerais, and Para. The party board general resolution was approved by 35 votes, while the In Struggle PT proposal was supported by 15 votes. Senator Eduardo Suplicy (Sao Paulo) was the only member to support Eduardo Jorge’s proposal.

Jorge said that “the party national board has once again been incapable of making a responsible discussion on a policy for alliances, and has released a resolution that gives no definition.” The resolution states that the PT will be in the opposition to the federal government and that it will attach priority to the campaigns in which the Popular Brazil Front—of which the PT is a member—is running: Rio Grande do Sul, Espirito Santo, the Federal District, Sergipe, and Amapa. The resolution adds that eventual support in the runoff does not entail participation in the governments.

Jose Dirceu, the PT candidate who could not win the election for governor in Sao Paulo, was disappointed by the delay in the making of a decision on Sao Paulo: “It would have been better to decide to support Covas, after excluding the other candidate.” Federal Deputy for Sao Paulo Jose Genoio also wants to support Covas. Defeated presidential candidate Luiz Inacio Lula da Silva has already voiced his personal support for Covas.

The resolution approved by the PT states that the party has “deep political and pragmatic differences” with Covas and Rossi, and that it will be in the opposition, whatever the government. State party president Arlindo Chinaglia—one of those who wanted to delay the decision—should meet again this week with state PSDB President Geraldo Alckmin, who is Covas’ running mate.

Chile

Frei Views Economic, Political Situation

BR1810135294 Rome LA REPUBBLICA in Italian
17 Oct 94

[Interview with President Eduardo Frei by Alessandro Oppes in Rome; date not given: “My Democratic Chile on Home Straight”]

[FBIS Translated Excerpt] Rome—[passage omitted]
[Oppes] Mr. President, five years after the end of the

dictatorial regime, do you think that the military no longer represent a threat to the consolidation of democracy?

[Frei] Not only do they not represent a threat, but they are part of what we are doing in Chile to carry out a process of development. So there is a completely normal relationship, suitable to a complete and mature democratic system, such as ours.

[Oppes] But General Pinochet is still commander in chief of the Army, and according to the constitution the president cannot dismiss him. What is the current status of your relations with Pinochet?

[Frei] They are the usual kind of relations between the president and an army commander, the same kind as I maintain with the chiefs of the other services. The Armed Forces respect the freely chosen democratic system, and we respect their democratic role.

[Oppes] Do you consider the transition to democracy complete?

[Frei] I think that Chile is a mature and consolidated democracy. We have made great progress. My government has already presented a number of proposals to eliminate the final vestiges of the authoritarian state.

[Oppes] But do you think that there is still some way to go before Chile can be said to be a fully democratic country?

[Frei] I think that certain major reforms still need to be carried out, and we have proposed them to Parliament.

[Oppes] So what is needed to “perfect” this democracy?

[Frei] To eliminate appointed senators (some 20 percent of the present Senate consists of members appointed by the Pinochet regime, and they are immovable—LA REPUBBLICA editor’s note), to modify the rules governing the appointment of members of the Constitutional Court. Then there is the direct election of mayors and electoral reform.

[Oppes] What, if anything, will change in Chile in 1997, when Pinochet resigns as army chief?

[Frei] Nothing will change; we will simply have a new army chief.

[Oppes] Your government is a broad coalition comprising political forces of differing orientations. Are you not afraid that conflicts could explode on such a scale as to jeopardize the government’s action?

[Frei] When there is a coalition this possibility always exists. But the important thing is that there be the political will to work together. In Chile today we are aware of the fact that this coalition has enabled us to win back democracy and to make progress in development.

[Oppes] For years people have been talking about the economy of the “Chilean miracle”—a high level of

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growth, very low unemployment, and a constantly falling inflation rate. But in your country there are still 4 million people living in poverty. How do you intend to deal with this situation?

[Frei] I do not believe in miracles, or in models for export. Our experience can be summed up as follows: political democracy and fast, stable, and sustained economic growth—all this, achieved with justice, equity, and solidarity. Basically, this means a struggle against the poverty and marginalization currently affecting about one-third of the population. I think we can achieve this, as long as political stability is maintained. At the moment we are able to spend 70 percent of the national budget in the social field. We have identified three areas of action—education and professional training, national infrastructures, and competitiveness abroad.

[Oppes] How much do you think the Pinochet regime's economic policy influenced the present situation, which is better than that of many other Latin American countries?

[Frei] This topic has been the subject of much debate in the country. We believe we must transcend an idea that was very current in the eighties—namely, that each new government must be a government of "foundation," that it must start over from scratch. The great strength of our "coordination" has been to say: Let us embrace the good things that were done in the past, let us change the bad things, and let us reform and improve the mediocre things.

[Oppes] What was the inmost negative aspect—the absence of a social policy?

[Frei] It was a model of development that gave priority to one group of people, while a large part of the population were poor and underprivileged.

[Oppes] In recent years many Latin American countries have tried to extricate themselves from the crisis by means of very rigid economic plans: The results have often been disastrous. Is it the governments that were wrong, or did the IMF grant them no other solution?

[Frei] I think that in order to have a healthy economy a country must try to eliminate the public deficit, control inflation, save, and invest. A country that does not resolve these problems has no future. It is indispensable to find a macroeconomic balance, irrespective of the IMF's policy.

[Oppes] Do you consider relations with the European Union [EU] satisfactory?

[Frei] The European Union is still Chile's prime trade partner, with 30 percent, but some years ago it accounted for 50 percent of our trade. We want very close relations with the EU—a wish that we have voiced over the past few days in Italy, inviting significant involvement by your investors in Chile. In recent years we have seen

large-scale involvement by Spanish, German, and British investors; Italy has lagged behind somewhat.

Frei Resumes Presidency After Five-Day Visit to Italy

PY1810154694 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 18 Oct 94

[FBIS Translated Excerpt] President Eduardo Frei resumed his duties as chief of state shortly after returning from Italy. Frei recalled how moving the beatification ceremony of Chilean priest Alberto Hurtado and his two meetings with Pope John Paul II had been.

Suffering the disadvantages of boarding a commercial flight, President Frei and his retinue arrived in Santiago with a 75-minute delay.

Chilean Vice President Carlos Figueroa headed the delegation of local authorities who welcomed the president at the airport.

Frei spent five days out of the country fulfilling a heavy agenda in Italy that ended with the moving ceremony of the beatification of Father Alberto Hurtado. The special greetings the pope sent to Chile were also a moving moment of Frei's trip. [passage omitted]

At the VIP hall in the airport, President Frei signed the decree by which he resumed the presidency of the nation and Carlos Figueroa his post as interior minister.

Colombia

Foreign Minister, Ambassador on U.S. Travel Advisory

PA1910010394 Santa Fe de Bogota EL TIEMPO in Spanish 15 Oct 94 p 6A

[FBIS Translated Text] Foreign Minister Rodrigo Pardo Garcia-Pena yesterday rejected the U.S. Embassy's warnings to tourists about the dangers they may face in Colombia, calling them "a great exaggeration."

Former presidential candidate Carlos Lleras de la Fuente, who was sworn in as new Colombian ambassador to the United States before President Ernesto Samper, contradicted Pardo and said a country plagued by guerrilla groups and where more than two people are kidnapped every day cannot be considered a safe nation.

Both the foreign minister and the ambassador referred to the information published yesterday in EL TIEMPO, according to which the U.S. Embassy in Santa Fe de Bogota issued consular information which said Colombia is a "particularly dangerous" country.

Pardo Garcia-Pena said he invites "all North Americans to visit Colombia to see for themselves whether this is really a dangerous country."

The minister emphasized "that there are risks in all countries, including the United States."

The foreign minister said he understands that there are legal aspects in the United States which compel the State Department to protect its citizens abroad by issuing safety reports on all countries. "Nevertheless, I do not know why there are various reports of this kind. I would turn the question over to the U.S. Government," he said.

Ambassador Lleras de la Fuente said the nation's image abroad will automatically improve when guerrilla groups understand that Colombia is interested in achieving peace.

The diplomat asserted that responsibility for the lack of safety cannot be attributed to statements from the U.S. State Department but to the Colombian guerrilla groups which "blindly and irrationally continue to cause enormous damage to the country and its image abroad."

Lleras de la Fuente added that one cannot turn one's back on reality and say Colombia "is a country where one can go fishing at night, as Master Echandia used to say, because a foreigner who comes to fish by night in regions ravaged by criminals and guerrilla members will be kidnapped."

Lleras de la Fuente emphasized that, in his new post, he cannot say that nothing happens in Colombia because, "unfortunately, it does, and problems do exist."

The ambassador announced that he will travel to Washington in November to take charge of the Colombian embassy.

[Santa Fe de Bogota EL ESPECTADOR in Spanish publishes on 15 October on page 5-A a report stating that "Dr. Lleras de la Fuente pledged to give new energy to the diplomatic delegation in the United States within the framework of general cooperation and advocating closer relations between the two nations. He said he will work hard to solve problems which have arisen in the rose, tuna, and banana markets and added that he will actively participate in preparations for the Summit of the Americas."]

Prosecutor General Reopens Narcocassette Case

PA1910033194 Paris AFP in Spanish 2044 GMT 18 Oct 94

[FBIS Translated Excerpt] Santa Fe de Bogota, 18 Oct (AFP)—The Colombian Prosecutor General's Office has reopened the investigation, which was closed two months ago, into the Cali cocaine cartel's alleged economic infiltration of the campaign of the two main presidential candidates; namely, conservative Andres Pastrana and current liberal President Ernesto Samper.

The privately owned RCN [National Radio Channel] network reported today that new Prosecutor General Alfonso Valdivieso ordered the investigation reopened after former Joe Toft, the former director of DEA in

Colombia, said before leaving the country that drug trafficking has corrupted all sectors of the country.

RCN learned that Valdivieso's decision is directed at determining the veracity of Toft's statements. The Colombian Prosecutor General's Office plans to ask Toft to testify, because he is now a common citizen without the diplomatic immunity he enjoyed as DEA director in Colombia.

Former Prosecutor General Gustavo De Greiff concluded that the audio tapes of telephone conversations between the leaders of the Cali cartel and a well-known journalist "constituted no evidence to conclude that the mafia financed the presidential campaigns."

According to the recordings, the Cali cartel tried to financially infiltrate the Pastrana and Samper campaigns, but the Prosecutor General's Office was unable to confirm that this indeed occurred.

New Prosecutor General Valdivieso, however, believes that the comments of the former DEA chief in Colombia are a new element that justifies reopening the investigation. [passage omitted]

Prosecutor General Comments on Narco Bill

PA1910003294 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 0130 GMT 18 Oct 94

[Report by Julio de la Rue from the "TV Today" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso denounced on 17 October that drug traffickers, land pirates, and kidnappers are behind the so-called Narco Bill, which is under discussion at the First Committee of the Chamber of Representatives:

[Begin Valdivieso recording] I believe certain possible beneficiaries are particularly interested in this bill. They are kidnappers, people involved in land piracy, people involved in drug trafficking. [end recording]

Prosecutor General Valdivieso said he will request the withdrawal of this bill for this reason and will call for the focusing of attention on the Anticorruption Bill the Congress of the Republic drawn up by parliamentarian German Vargas Lleras.

The prosecutor general said he advocates a referendum in Colombia to decriminalize possession and consumption of the so-called personal drug use:

[Begin Valdivieso recording] Colombians must voice their opinion about a phenomenon which could, I repeat, become alarming should we fail to adopt measures. [end recording]

Equipment to Fight Drugs, Gunrunning Procured

PA1810220894 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 1800 GMT 17 Oct 94

[Report by Ruben Dario Parra from the "Cripton Newscast"]

[FBIS Translated Text] Colombia will have a naval aviation capability next year to give military support to the missile frigates combating drug trafficking and gun-running activities in our Pacific and Caribbean territorial waters.

Defense Minister Fernando Botero Zea has announced the government will buy seaplanes, helicopters, speedboats, and long-range planes to patrol its territorial waters. A good part of this equipment will be assigned to the San Andres Archipelago Coast Guard Station.

The mission of the naval aviation helicopters is to make reconnaissance flights to detect ships carrying weapons and drugs in the Caribbean area. Air support is fundamental in this area, where hundreds of tons of cocaine are moved on speedboats everyday. An expert boatman can cover the passage between San Andres and the Gulf of Mexico in one night. Colombian Air Force A-37 planes, better known as the Air Dragons, spot a boat and immediately report it to the frigate. When a questionable boat has been spotted, the helicopter, which is parked at the bow of the ARC [Colombian Navy] frigate Independiente, takes off and intercepts it. The frigate will arrive later.

This problem is not the only one, however. Honduran, Nicaraguan, Japanese, and U.S. ships illegally fish in Colombian territorial waters as well:

[Begin recording] [San Andres Island leader Pedro Vivas] We have problems with foreign fishing vessels illegally fishing in our waters.

[Defense Minister Fernando Botero] The Coast Guard station has several objectives. It controls gunrunning and drug trafficking activities. Apart from this point, it also has an ecological duty. It prevents illegal fishing and, naturally, controls immigration. [end recording]

In the area and on board the ARC Independiente, the defense minister says it is not easy to exert our sovereignty in this entire area. The new Coast Guard station will facilitate the surveillance of our sovereignty in the 300,000 square km of territorial seas in our overseas territory.

Former Senator, 4 Others Wounded in Bomb Attack

PA1910041294 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0300 GMT 19 Oct 94

[From the "CM& Newscast"]

[FBIS Translated Text] An attempt on the life of former Senator Felix Salcedo Gualdion has just occurred. A bomb exploded as his vehicle rode by in Cucuta. Salcedo Gualdion was wounded and taken to the Cucuta Santa Ana Clinic. Three bodyguards and a woman who was passing by the site of the incident were also wounded.

Ecuador

Government Criticizes Congress Over Parliamentary Agenda

PA1810235894 Quito Voz de los Andes in Spanish 1200 GMT 18 Oct 94

[From "The Voz Andes Newscast"]

[FBIS Translated Text] In a new confrontation between Congress and the government over the setting of the parliamentary agenda, the government is criticizing Congress for placing constitutional reforms at the end of the agenda and for giving the interpellations priority.

The government is harshly criticizing Congress for its announcement of the interpellations against the energy and mines minister, the health minister, and the comptroller general. The [word indistinct] considers Congress' proposals as illegal, because there is no deadline for the interpellation of the health minister, nor are there any grounds for dismissal of the comptroller general.

Nevertheless, the government minister believes the only legal interpellation is the one against the energy and mines minister. He believes the interpellation falls within the timeframe set by Congress, even though its goal has originated from internal problems of the Social Christian Party.

President Discusses Changes Made During Administration

PA1810234294 Paris AFP in Spanish 1328 GMT 18 Oct 94

[FBIS Translated Text] Quito, 18 Oct (AFP)—Ecuadoran President Sixto Duran-Ballen said on Tuesday that "Ecuador's transformation is already in progress," adding that "much remains to be done to put the house in order."

After 26 months in government, during which he has withstood a merciless political opposition, Duran-Ballen said in a report published today in the newspaper ECUADOR from the State Communications National Secretariat (Senacom) that he cannot be easily defeated.

The president made the statement after submitting a constitutional reform bill to the unicameral Congress that should be approved no later than 12 January.

If parliament has not yet approved or rejected the reform bill by that time, Duran-Ballen, 73, could convene a referendum so that the people can directly approve the changes.

Government Minister Marcelo Santos has told AFP "we hope Ecuador will have a new Constitution by 13 January," adding that "otherwise there will be another referendum."

As for those who have asked for the president's resignation due to health reasons, the president said that he is feeling well and that he will be there until the end of his

term on 10 August 1996. As for those who have been spreading rumors of his alleged death, he said, "here I am very much alive."

When Duran-Ballen speaks of the country's transformation process, he admits, however, that he will only be responsible for starting it and that the progress and development of the programs promoting change "will be the obligation of future governments."

"We are not only reorganizing the state but we are doing our work and providing services," he said. The president added "all decisions made are unpleasant," but he said "much remains to be done to put the house in order."

He said he found two options when he came to power: "to continue the routine of increasing government administration and expenses, to continue with a rising inflation and please everyone or to conduct a serious public administration, to organize the financial, economic, monetary, fiscal, and exchange rate situation, and reorganize everything."

"I opted for the latter, and this decision was not the popular thing to do, because we had to tighten our belts and start paying not the long-term foreign debt but the short-term debt, the debt we inherited of more than 1.3 billion sucres in salaries, purchases, rent, and everything you can imagine," he said.

He said the ever-increasing bureaucracy between 1979, when Ecuador returned to democracy, and 1992, when he was sworn in, led to an average of 12,000 new positions in government per year.

Duran-Ballen said a total of 73,000 jobs have been eliminated during his first two years in government. "We have increased only the number of policemen and teachers, particularly in rural areas where the previous government (led by Rodrigo Borja) closed many schools," he said.

The president said he was delayed in making changes "because the government did not have resources in view of the drop in oil prices."

He said the price of oil in late 1993 fell under \$10 per barrel, causing huge losses for the country. "Prices increased only in May," he said.

The Ecuadoran president said to govern "is, above all, to make transformations."

After saying the struggle he has waged against the 60 percent inflation rate, which he inherited and which he has been able to reduce to 26.2 percent (by September 1994), Duran-Ballen said he intends to implement a huge highway construction program and the construction of low-income housing.

He said the government will build and repair 3,257 km of roads at an overall cost of 1.3 billion sucres, including complementary external credits for \$593 million, which have already been contracted or about to be contracted

with international financial organizations and the governments of Argentina, Brazil, the PRC, and Kuwait.

"The highway construction plan will be the largest we have implemented in the last 40 years," he said.

Duran-Ballen also mentioned the low-income housing program and said that during the government of Leon Febres Cordero (1984-1988), "I made 104,000 houses with the Ecuadoran Mortgage Bank; during the government of Rodrigo Borja, 34,000 houses were made, and we have built 51,000 houses so far during my administration. I am going to surpass my goals," he said.

According to Duran-Ballen, the PRC is willing to finance the conclusion of the jungle road, in the southern zone, 100 km for \$80 million, while Kuwait could cooperate in the financing of other roads, including the interoceanic road that would link the Atlantic and Pacific Oceans.

Paraguay

Defense Minister: Military Not Interfering in Civilian Case

PY1810164894 Asuncion ABC COLOR in Spanish 18 Oct 94 p 4

[FBIS Translated Text] Defense Minister Hugo Estigarribia Elizeche on 17 October denied reports that the Armed Forces are interfering in an investigation that should be carried out by the judicial branch and the police. Referring to Captain Juan Ruiz Diaz, the main suspect in the murder of General Ramon Rosa Rodriguez, he stated that if it is proven that he is guilty, then in the best of cases he will be retired, although there is the possibility that he could be fired.

Estigarribia explained that the incident in itself "is a common criminal case. But, regarding the security, assistance, and guard duties, there are military personnel who have to undergo an administrative investigation," he added. "This is why the military judge is continuing with his investigation, and if he finds that there have been irregularities, he will conclude his case with the implementation of administrative sanctions."

He also recalled that the military judge has to send the results of his investigation to the appropriate judicial authorities, in other words, the civilian courts.

Regarding Ruiz Diaz, Estigarribia commented that he remains on the active list even though he is the suspected murderer of Rodriguez.

Deputy: DEA Using Paraguay To Fight Colombian Traffickers

PY1810225194 Asuncion ABC COLOR in Spanish 18 Oct 94 p 5

[FBIS Translated Text] Deputy Jose Francisco de Vargas stressed on 17 October that "the DEA or the Senad [National Antinarcotics Secretariat] went to Bolivia and

Colombia to promote trafficking through Paraguay in order to allegedly fight the Colombian drug traffickers and distributors in the United States." He also stated that this does not benefit our country.

He also surmised that the DEA agents are making some nice transactions with the drugs from the undercover operations. Furthermore, he questioned why the drugs had not been burned within 48 hours of confiscation, as is established by law.

The congressman denied that President Juan Carlos Wasmosy had made a retaliatory charge against him, and he said that it was a campaign being carried out by our newspaper. "Your policy is to fire at de Vargas," he stressed.

Peru

Susana Higuchi Charges Fraud Against Elections

PY1810133894 Lima Global de Television Network in Spanish 0130 GMT 18 Oct 94

[FBIS Translated Text] During a news conference at her party headquarters today, Mrs. Susana Higuchi referred to what she considers an electoral fraud against Harmony 21st Century and urged the National Election Board [JNE] to respect the electoral law.

[Begin Higuchi recording] The fraud against the upcoming Peruvian elections has started. Harmony 21st Century has some truly revealing and unique information, such as the fact that a total of 50,000 lists with the signatures of one million supporters were purchased. A campaign of harassment and intimidation was also launched during our nationwide operation to collect signatures of supporters. [Word indistinct] that they fear to make charges.

Today, more than ever, the current electoral process must allow the participation of all of us who want to consolidate democracy. Dear journalists, in conclusion, I want to point out that the electoral fraud in Peru has started. It has started in a very discriminating and special way, directly against Harmony 21st Century. [end recording]

More on Higuchi's Fraud Charges

PY1810175094 Madrid EFE in Spanish 0252 GMT 18 Oct 94

[FBIS Translated Text] Lima, 17 Oct (EFE)—Susana Higuchi de Fujimori, wife of Peruvian President Alberto Fujimori and candidate for the Peruvian presidency, today charged that the National Intelligence Service (SNI) is trying to prevent her from participating in the 9 April 1995 general elections.

Higuchi told the media that "it seems that SNI agents, in the form of an orchestrated boycott, are driving away our supporters," referring to the problems reported by her party [Harmony 21st Century] spokesmen during the

campaign to collect the signatures of supporters to endorse her registration with the JNE.

Susana de Fujimori said: "They are trying to wipe us off the electoral map."

She added that the political party she founded to back her presidential candidacy "had proof" of the charges she made against the government intelligence service.

"The fraud against the elections has started," said the former first lady of Peru, who reported the existence of a campaign to intimidate those who were about to voice their support for her.

She also said that lists of voters had been stolen before 11 October, which is when the deadline for registration with the JNE expired, and said that she was certain she could have collected the signatures of one million supporters.

Susana de Fujimori submitted to the JNE some 147,000 signatures in support of her candidacy and JNE sources last weekend unofficially stated that the JNE had seemingly only accepted 13,000 as valid.

According to the electoral law, a presidential candidacy will be officially registered if it has the support of at least 100,000 valid signatures of citizens who support the candidate, after the JNE has checked the list.

Until today the JNE had accepted 13 presidential candidates of the 27 that registered and it has still not finished checking the list submitted by Harmony 21st Century.

Election Board Rejects Substitution of Candidate

PY1810203794 Lima Radio Programas del Peru Network in Spanish 1800 GMT 18 Oct 94

[FBIS Translated Text] The National Election Board has declared inappropriate a request by the Peru to the Year 2000 Movement to substitute its first vice presidential candidate.

This movement is led by Luis Caceres Velazquez, who sought the registration of Mauricio Rabanal Torres to replace Maria Esther Flores de Marques who resigned.

The request was rejected by the election board because the period for the registration of candidates has ended.

Traffickers' Ties to Cali Cartel Discussed

94WD0596Y Lima LA REPUBLICA in Spanish 25 Aug 94 pp 18-19

[Article by Angel Paez: "Peruvian Narcos Key Figures in Cali Cartel"]

[FBIS Translated Text] In July 1993, seven months, two weeks, and four days before the capture of the drug trafficker, "Vaticano," at his luxurious residence in Cali, Colombia, the Yurimaguas Police Headquarters Command requested authorization from the Huallaga Front, then headed by General Eduardo Bellido Mora, to carry

out an operation known as "Firms-93." Its purpose was to invade a "hideout" of Demetrio Chavez Penaherrera. The approval never arrived.

"Vaticano" managed to send to his Colombian bosses 1,000 kg of basic cocaine paste on that occasion, and it is estimated that, during the following seven months until his capture, he may have shipped another 30,000 kg to Colombia. (In 1993, the Counternarcotics Directorate seized a total of 8,431 kg.)

The plan had backing from three informants, who were even offered, besides compensation of \$5,000 each, visas for leaving the country, provided that "Vaticano's" arrest was achieved. However, the operation was never carried out, despite the quality of the information obtained by the police. The "Mafioso" continued to operate freely, with the obvious cooperation of those who caused the plan to be aborted.

"Vaticano" took advantage of the time to intensify his relations with the Cali Cartel chiefs, for whom he was working directly, and was not the only one doing so.

On the day of his capture, he was with the Peruvian, Raul Chavez Aliaga, who also claimed to be a businessman. The Colombian police expelled him from the country because his documents were not in order. At that time, the Dinandro [National Antidrug Division] (of the PNP) [Peruvian National Police] lacked evidence against him. Now, the antidrug agents have collected proof identifying Chavez Aliaga as the drug trafficker operating with the alias "Mongol" in Bellavista, San Martin.

"Mongol" has taken over a part of "Vaticano's" business, but it is his brother, Elias Chavez Penaherrera, aka "Sonny" or "Lan Chile," who is in charge of the entire infrastructure. Elias was born in Campanilla, San Martin, on 22 July 1965.

The Dinandro has a list of approximately 80 traffickers, some 20 of whom have been identified by their given names and surnames; while the rest are known only by aliases.

The one heading the list is none other than Waldo Simeon Vargas Arias, aka "El Ministro" or "Tio Ministro," a Colombian born on 21 May 1954. He was first captured on 3 March 1982, while attempting to send 4.5 kg of paste to the World Cup soccer games in Spain. At the time, he was working for Evaristo Porras Ardila who, with excellent contacts in the Peruvian justice system, managed to have his collaborator released. Eleven years later, on 15 March 1993, policemen from Yurimaguas organized an operation to capture him, and extort him for \$100,000. Since that time he has remained free, and is still active in the business.

He is followed in importance by the Cachique Rivera brothers, headed by Abelardo, called "Negro" or "Teniente," who has returned to the Pichis-Palcazu valley, after having remained for a while in Colombia.

His main "hiding places" for cocaine hydrochloride are located in that area, and he has others in Aguaytia valley. He is one of the few traffickers with permission from the Cali Cartel to produce the narcotic powder.

Born in Bagua, Amazonas, on 20 September 1959, Abelardo works with his brothers, Adolfo, alias "Alferez," and Nicolas, alias "Mayor."

Willer Alvarado Linares, alias "Champa" or "Whisky," was born in Jose Crespo y Catillo, Huanuco, on 4 May 1965. With a center of operations in Aguaytia, he is another "narco" being hunted intensely by the counternarcotics police.

Kingpins of Paste

Another kingpin in the drug traffic is Antonio Rios Castro, aka "Tio Rios," wanted by various courts. He carries out his activities in Aguaytia, where the coca crops increased from 16,600 hectares to 17,800, between 1992 and 1993, respectively.

Operating in that same area are the accomplices of the Colombian, Luis Pineda Menjura, alias "Trompa de Buque," and the Peruvian, Manuel Julca Urrelo, without a known alias. A warrant for his arrest was issued by the 42nd court of criminal proceedings in Lima, through Miguel Alzamora Zevallos. The latter is a magistrate in charge of the case involving "Vaticano" and his links with the ex-chief of the Huallaga Front, Peruvian Army General Jaime Rios Araico.

Before being involved in the aforementioned proceedings, Julca Urrelo sent letters to the news media, giving his name, and claiming: "I have no type of relationship with the drug traffic." However, the Dinandro has him on its list, and his situation is compromised, because there is an arrest warrant for him.

The brothers Roy and Larry Araujo Lang, known as "Los Picuro," have been shipping drugs from Palmapampa, where they purchase basic paste from the patrols. It is there, precisely, that the FAP [Peruvian Armed Forces] destroyed six airports, including both authorized and clandestine types. They are natives of Tocache, Mariscal Caceres, in San Martin. Roy was born on 17 May 1961.

"Chato Pena" or "Eteco," a drug dealer operating in Bellavista, has been identified as Miguel Pena Arevalo, a native of Tingo Maria, Huanuco, born on 22 February 1958.

Another major trafficker is Luis Molqui Cardenas Guzman, aka "Mosquita Loca," son of "Mosca Loca," who has been wanted by the 37th court of criminal proceedings in Lima since 13 October 1993.

"Mosquita Loca," to whom the Dinandro attributes the management of an organization supplying drugs, primarily to the Cali Cartel, from Bellavista, was deported from Colombia in 1975, when 93 kg of cocaine were discovered in his possession. Every time his name appears in the newspapers, or is mentioned on radio or

television, he sends letters of rectification denying his involvement in drug smuggling, just as Juan Leguia Manzur, known as "Salomon," or "Nino," does.

Leguia Manzur, born in Pucallpa, Ucayali, on 24 April 1965, appears in the Dinandro records as a trafficker operating in Juanjui; but he has denied this on repeated occasions. Nevertheless, on 22 June of this year, his brother, Nicolas Bernardino, was killed when the security forces seized a small plane attempting to take off on a clandestine runway in La Granja, Cachicoto, with 500 kg of basic cocaine paste. (Only 249 kg were confiscated, and the rest was burned when the plane was enveloped in flames during the skirmish.)

When the drug traffickers saw the forces in uniform, they opened fire, killing the pilot and two other subjects besides Nicolas Leguia Manzur during the action. The police arrested one wounded drug dealer, and proceedings are currently under way in Tingo Maria regarding this case. According to police sources, the survivor and his family have received death threats from the organization that was attempting to ship the drugs. Implicated in this incident is Juan Leguia Manzur, who is being investigated and will be involved in the trial.

Finally, Jorge Alvarez Enriquez, alias "Chino Jorge," and Luis Perez, better known as "Lucho Culon," are the "Mafiosi" completing the "priority list" of the Dinandro and the DEA (U.S. counternarcotics police) [Drug Enforcement Administration]. Both individuals are carrying out their activities in Palmapampa, in the Apurimac valley. They are being supplied by the patrols which, after expelling the Shining Path [SL] members, are defending their coca plantations, now using the same weapons. Nevertheless, during the past month, the FAP [Peruvian Armed Forces] have destroyed runways in Sivia, Cubiriare, Valle Esmeralda, Nueva Esmeralda, and Quillabamba, all located in that area. They have thereby reduced the business of these subjects, at least for awhile.

Both the Dinandro and the DEA think that the criminals known as "El Ministro," "Trompa de Buque," "El Negro" Cachique Rivera, "Mosquita Loca," "Mongol," "Sonny," and "Champa" have direct connections with the Cali Cartel. Moreover, they do not preclude the possibility that other rings may have ties with what remains of the Medellin Cartel or Coast Cartel, or with other smaller organizations with headquarters in Colombia.

"New, more professionalized cartels have appeared," declared the national director of the Colombian Office for Narcotics Control, Gabriel de Vega. And the Colombian prosecutor general, Gustavo de Greiff, has commented, "There are thousands of drug traffickers, and those known number only in the hundreds." Similarly, in Peru, the Dinandro has identified only a few dozen out of about 100.

As in Bolivia, the crops are the target of constant eradication campaigns (in 1992, they destroyed 50,649

hectares, and in 1993 the number declined to 49,600 hectares). The pressure from the security forces has been intensified, and the importance of the Peruvian "firms" in the Peruvian traffickers' plan of operations is increasing.

The Impact of the Peruvian 'Narcos'

In 1993, the Colombians smuggled abroad between 192 and 209 million tons of cocaine (three quarters of it processed with basic paste from Peru). This caused a business activity involving between \$1.8 and \$2.5 billion, which left a net profit of from \$134 and \$382 million for the cartels.

The statistics from the Colombian National Council on Narcotics do not record the percentage of the money raised by the traffickers that was left in the coffers of the Peruvian "firms," but the Dinandro estimates it as averaging between \$50 and \$70 million per year.

The chief of the DEA's investigations department, Robert Nieves, indicated that the cocaine traffic and, concurrently, that of heroin, during the past five years, has increased to alarming levels, owing to the emergence of new markets. (During 1993, the Colombians raised between \$218 and \$366 million in this business.)

Whereas the collapse of the Berlin Wall drew ardent applause from the Western democracies, there was even more excitement among the owners of the drug trafficking organizations. When they thought that the "war against drugs" waged by George Bush and Virgilio Barco had spoiled their fun, the cartel leaders were offered the European market of the ex-socialist countries on a silver platter. Populations anxious for new experiences, police systems destroyed because of the radical replacement of the socialist states, and the virtual elimination of borders were more than good news for the drug entrepreneurs operating on a worldwide scale.

The statistics are staggering. Consumption has expanded at an accelerated rate, interceptions of drug shipments are occurring with increased frequency, and the violence associated with the drug traffic is virtually an everyday occurrence in large cities.

"The collapse of communism and the resurgence of democracy have contributed to the creation of a favorable atmosphere for the growth of the drug traffic," admitted the director of the White House's National Office of Antidrug Policy, Lee Brown.

The position of the Peruvian "firms" in this new world order for drugs, in which the Colombian cartels are bolstering their control of the cocaine traffic and forcefully entering the heroin business, vying for markets with the traditional Asian gangs, is consequently becoming consolidated.

"In Eastern Europe, the presence of cocaine has risen 300 percent," remarked Larry McElynn, chief of the Interpol Counternarcotics Investigation Unit, with its office in Washington.

The "godfathers" of Colombian drugs are Miguel and Gilberto Rodriguez Orejuela, Helmar Herrera Buitrago, alias "Pecho"; Jose Santa Cruz Londono, alias "Chepe" or "Crespo"; and Jairo Ivan Urdinola Grajales. The latter is in charge of the heroin traffic. All belong to the powerful Cali Cartel, according to the DEA.

During 1993, they raised between 2.4 and 3.6 billion through cocaine and heroin contraband on a worldwide scale, and the Peruvian "firms" are the key components in the apparatus that they have constructed to poison the planet.

In fact, the traffickers' success is reflected in the diversification of their business: "We have discovered that they are also engaged in the arms traffic, the forging of \$100 bills, and the smuggling of undocumented persons and surplus radioactive material coming from the ex-socialist countries," claimed McElynn, of Interpol.

The diversification also includes the introduction of heroin smuggling. In 1990, the poppy crops in Colombia did not account for even 1 percent of the plantations in the world. Now, that figure has risen to 10 percent: a fast-moving new business into which the Peruvian Mafias are becoming incorporated.

Ironically, and accurately, the Colombian prosecutor general, Gustavo de Greiff, recently declared: "It was thought that, with Pablo Escobar gone, the drug traffic would be finished. Unfortunately, the drug cartels are very much alive." It was also believed that, with "Vaticano" in prison, the drug traffic in Peru would be left seriously damaged; but there are others who have replaced him.

Narcotics Control Plan Criticized

95SM0010B Lima Resumen Semanal Press Review in Spanish 4 Oct 94 p 1

[From DESCO database, received via Internet]

[FBIS Translated Excerpt] [passage omitted] On 3 October, the government published the National Drug Prevention and Control Plan after almost 11 months of discussion by representatives of various state and private sectors. This is the strategic document that will serve as the framework for the campaign against drugs from now until the year 2000. One of the specific goals of the National Drug Prevention and Control Plan is to create a national system for the control and penalization of the production of and illegal traffic in drugs and related crimes. This will serve to strengthen and integrate the national efforts made to control and penalize the production and illegal traffic in drugs and the diversion of specific chemical supplies, money laundering and the transfer of funds, and the smuggling of weapons and explosives. (EL COMERCIO 4 Oct 94)

Ivan de Rementeria, a former narcotics affairs official with the United Nations, criticized the government for approving and publishing the document "without having

discussed it with the people, much less the organized peasants in the coca-producing areas, who have proposals for the replacement of the coca plantings." With regard to the national program for alternative development, he suggested that the complex of problems faced by the domestic farm sector be taken into account, "because," he said, "it is not possible to compete with the marketing of products from other nations subsidized by their governments." He also expressed his skepticism about the proposal for calling upon the domestic business sector to support the eradication of coca cultivation. Concerning this point, he said that Peruvian businessmen might support such an effort when the conditions in the jungle that are necessary in order to compete on the international market come into existence.

Victor Prado Saldarriaga, an investigator in the narcotics control field, said for his part that in earlier years, proposals for eliminating the illegal traffic in cocaine were regularly presented, but, he said, positive results were never obtained in our country. He even recalled that in 1990, the government launched what it called a "policy for drug control and alternative development," which became known as the "Fujimori doctrine." However, it suffered the same fate, achieving no effect, and as a result pursuit of it was abandoned. He also said that the international commitments to support the alternative proposals for eliminating the cultivation of and illegal trafficking in coca need to be reinforced. (GESTION 4 Oct 94). [passage omitted]

Editorial Urges Vote 'for Democracy,' Not Fujimori

94SM0479A Lima PERUPAZ in Spanish Aug 94 p 3

[Editorial: "Four Years of Pragmatism Without Democracy"]

[FBIS Translated Text] Alberto Fujimori's election as president in the 1990 elections was truly a long shot. The former president of the "Agrarian" was really hoping for a Senate seat, and he was not even sure of that. But what seemed impossible happened.

Vargas Llosa did everything possible to lose. Barrantes did not want to win, Alva Castro was threatening to win, and all the parties were making campaign blunders that helped independents, dreamers, and adventurers. So the man who at the start was an *outsider* without a team, without a program, and probably without basic ideas of what governing a country democratically and responsibly meant, ended up as the resident of the Presidential Palace.

It was absolutely normal that a man of these characteristics who won office would make a virtue of improvisation, would seek out technical people and newcomers for his inner-circle staff rather than politicians and professionals with reputation and experience, and that for lack of his own ideas he would adopt ideas close at hand: those of Fredemo [Democratic Front]. It did not much

matter that the bulk of his eventual voters were "anti-shock." In reality, the disaster of the APRA [American Popular Revolutionary Alliance] program made the adoption of policies alien to populism and a very strong attack on inflation mandatory. So Fujimori had no problem with using the Fredemo shock program, even though he had no suitable management team and was eliminating the entire social compensation program.

Four years after that pragmatic decision it can indeed be said that Fujimori has not done badly. Those who said that he was going to be a terrible president were definitely wrong. With Asian patience and a coolness by no means Peruvian in style, the president constructed a concept of government enabling him to make functional use of ambitious technocrats and unscrupulous persons, putting into practice a plan which cleverly combines economic improvements of a strict neoliberal character and a calculated restriction of democratic freedoms with a powerful crowd-pleasing welfare-style paternalism, clever handling of the media, and a special alliance with military leaders, allowing him to control at his discretion the entire political scenario, the government's stability, and even his prospects for the next presidential term. In passing judgment on this singular way of exercising authority, Fujimori may take pride in having done well. His government has about 60 percent popular support, inflation has been brought under control, Peru is again the target of international credit, foreign capital is beginning to get interested in investing in Peru, terrorism is on the wane, there are dollars in abundance to try a social program, though this is the last year of this administration, and even tourists are coming back.

Unfortunately, this success bears all the earmarks of a short term without a future. The adoption of rigid adjustments sacrificed negotiations that might have considered the social reality. Resorting to improvisation to resolve urgent needs eliminated planning and a longer-term perspective. In addition, a cold calculation that disregards history and respect for national institutions was used to consolidate a power structure in which the ambitions and authoritarianism of the man in power carries more weight than national interests and citizens' rights.

The record cannot be drawn up by emphasizing this or that successful policy, which in truth has existed; instead, it must consider the historic and social costs of the entire period. Peru has been governed by a pragmatism which, in its essence and limits, is akin to cynicism and amorality. So it is natural that to the man in power and his entourage it may seem normal to do away with a democratic system, as was done on 5 April, to persecute political opponents, to use institutions which afterwards may be destroyed, and to issue a constitution in which the only article of interest is the one that provides for reelection.

A year before the end of this term the Peruvian people have the obligation to reflect on all these things and to

choose democracy. Democracy is not perfect, but it is perfectible; pragmatism, though, as we have just learned, has no standard. There the only thing of interest is power. Everything else, as Mr. Fujimori could say, is illusion.

Election Campaign Developments

95SM0010C Lima Resumen Semanal Press Review in Spanish 4 Oct 94 p 1

[From DESCO Database; received via Internet]

[FBIS Translated Excerpt] [passage omitted]

Ambassador Perez de Cuellar's Views

Ambassador Javier Perez de Cuellar (JPC) held a meeting with the workers' unions in Lima and Callao that support his candidacy. In his address, and after listening to the speeches of a number of orators and leaders, he indirectly challenged the legal order prevailing in the country when he stated that the main impact a future government of his would have would be precisely the "reestablishment of the juridical order. Democracy," JPC said, "does not depend on being elected democratically, but on governing in democracy. It is necessary to reestablish the lost juridical order in Peru." He also reiterated that the central line that will guide his government program will involve improving on the economic reforms introduced by the present government, but with the search for justice as the leading characteristic. "In order for the reforms to be valid, there must be justice. The reason for the existence of a government leader is to correct what has been done badly, and to improve the good things done by this government" (Most papers, 29 Sep 94)

Susana Higuchi's OAS Speech

On 28 September, Mrs. Susana Higuchi appeared before the Interamerican Human Rights Commission of the OAS to accuse the Peruvian state of violating her political rights by discriminating against her as a participant in the April 1995 electoral process. She asked that preventive steps be taken to avoid irreparable damage to her rights. Mrs. Higuchi was joined in formulating this charge by the Peruvian Human Rights Association (APRODEH), represented by Francisco Soberon. At another point in her statement, she said that this coming 8 October, she will announce the names of her two running mates as a candidate for the presidency of the Republic. She further indicated that they will both be men. (Most papers, 29 Sep 94)

Higuchi's Sources of Support

Mirko Lauer expressed the view that "Susana Higuchi has established herself in an optimal position for winning somewhat more than 10 percent of the vote in 1995 and winning a seat in the next Congress. If she can register her candidacy and keep up this pace, she will have one of the first three places assured. The votes for

Higuchi seem to be coming in particular from the wellsprings of urgent and energetic protest found across a broad ideological spectrum. It ranges from Belmont to the leftist political and popular groups. Higuchi's message has from the very first been addressed to this group, of which women are an important part. She is the first person to wage a political campaign from an essentially feminist position for the opposition, with the exception of Javier Perez de Cuellar. The emergence of Armonia Siglo XXI [Century XXI Harmony] is a very relative blessing. After all, Higuchi is undermining a part of the electoral space and almost all of the arguments of the opposition." (LA REPUBLICA 2 Oct 94)

DATUM S.A. Surveys

According to one DATUM S.A. survey, President Fujimori experienced a gain of 10 percent, from 42 percent in May to 52 percent in September, while Javier Perez de Cuellar, his opponent in next year's general elections, lost four points during the same period. The study, which was carried out in Lima and Callao up until last September, showed that the current chief of state enjoyed the favor of 42 percent of those surveyed in May, 46 percent in June, and 51 percent in the first half of August. In the following two weeks he lost one point, ending last month at 52 percent. [passage omitted]

13 November Movement Registers

The 13 November Movement (M-13) has formally applied for registration with the National Election Board (JNE). M-13, the political arm of the military faction involved in the attempted coup in 1992, submitted 113,113 signatures with its application for registration, thus fulfilling one of the requirements established by the electoral court. Although the decision will be a corporative one, General Pastor Vives said that his personal preference would be participation solely on the level of the congressional slate, because on the presidential level, "It is necessary to support the candidate with a consensus, that is, Javier Perez de Cuellar." (EXPRESO 30 Sep 94) [passage omitted]

IU Electoral Alliance

The two leftist blocs headed by Alfonso Barrantes and Genaro Ledesma have decided to join in an electoral alliance prior to applying to the National Election Board for registration. At the meeting held in the Santa Elisa Auditorium, it was explained that the participants in this electoral alliance include the PCP [Peruvian Communist Party], PUM [Mariateguist Unified Party], UNIR [National Union of the Revolutionary Left], FOCEP [Student-Peasant-Worker Popular Front], and the United Left Nonpartisan Movement (No-par-IU). The presidential slate of the United Left will be chosen by universal, direct, and secret balloting throughout the country. (EXPRESO, LA REPUBLICA 2 Oct 94) [passage omitted]

Decentralist Popular Force

The Decentralist Popular Force, the new political movement founded by Alberto Borea Odria, has charged that

it has been the victim of a series of obstacles intended to prevent it from registering with the National Election Board. According to Carlos Suarez Tello, the departmental coordinator of this political group, the basic source of the hindrances has been the Prefecture of Lima. He commented that, inexplicably, the prefecture has continued to delay the issuance of a simple certificate stating that the Decentralist Popular Force possesses a headquarters within the departmental jurisdiction. The political group has more than 12 party premises. The majority of the prefectures have issued certificates attesting to the existence and operation of these offices. However, Suarez has charged, the Prefecture of Lima is dragging out this procedure without justification. Suarez Tello said that the movement founded by Borea has collected more than 150,000 signatures. (LA REPUBLICA 3 Oct 94) [passage omitted]

Political Violence Statistics for August 1994

95SM0005Z Lima REPORTE ESPECIAL/DESCO in Spanish Aug 94 pp 13-14

[DESCO Special Report No. 40 issued by the Center for Development Studies and Promotion, DESCO: "Political Violence in Peru Today"]

[FBIS Translated Text] In the month of August, subversive actions showed an increase of 25 percent over the July figure. The numbers of victims, however, were the same for the two months. In the month of August, there were 75 subversive attacks resulting in 51 deaths.

Lima had the largest number of subversive actions, with 30 attacks (40 percent). The majority of these actions were a part of the minor escalation initiated by the Sendero Luminoso [Shining Path] in the middle of the month. Most of them involved sabotage, mainly of bank branches. The attacks occurred in a large number of the middleclass districts and [cones] in Lima. By means of these actions, the Shining Path has demonstrated that it has a metropolitan presence.

The forest region ranked second in the number of subversive actions, with 27 (36 percent), of which nine were clashes with the forces of law and order. The Shining Path made six incursions into various zones. It also targeted local forces of law and order in five harassment actions, ambushing agents on at least three occasions. The balance of the actions involved armed agitation.

The northern region ranked third in the number of subversive actions, with eight (11 percent). Shining Path groups made incursions into various localities in the provinces of Huancabamba, Pataz, Lambayeque, Caraz, and Asuncion, on five occasions. Also, harassment actions were carried out in the provinces of Pallasca and Trujillo.

The central and southern regions tied for fourth place, with three attacks (4 percent). Two clashes with the forces of law and order occurred in the provinces of Chanchamayo and Satipo, in the central region. In this

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latter location, there was also a harassment action early in August targeting a helicopter flying over the Ene River. On the other hand, there were two sabotage actions in the provinces of Espinar and San Roman, respectively, in the southern region, as well as an agitation and propaganda action in the city of Cusco.

The Principal region (Ayacucho-Huancavelica) ranked fifth, with two attacks (three percent). A clash with the self-defense committees occurred in the locality of Colpampa, in the province of Vilcashuaman, and in La Mar, the Shining Path ambushed an Army patrol.

There was again a tie for sixth and last place, between the middle northern area and the middle southern area, with one attack (1 percent) each. In the middle northern area, a poultry-breeding establishment in the province of Barranca was sabotaged, and in the middle south, a residence in the province of Canete was machine-gunned.

In number of victim, the forest region ranked first with 27 deaths (53 percent). Of those killed, 19 were members of the subversive movement who were killed in clashes with the forces of law and order. On the other hand, during an incursion into the province of Leoncio Prado, presumed Shining Path members assassinated four settlers whom they accused of being informants.

The northern region ranked second, with 13 victims (25 percent). Ten of those who died were civilians assassinated during an incursion by the Shining Path into the province of Pataz. During another incursion into Huancabamba, a settler accused of being an informant was murdered.

Lima ranked third, with six deaths (12 percent). All of the victims there were civilians. Three residents died in the course of a Shining Path incursion into a settlement in the district of San Juan de Lurigancho. A merchant was assassinated in the Surco district. In addition, two civilians were killed by the machine guns of an Army patrol in the district of Ate Vitarte.

The central and Principal regions tied for fourth place, with two victims each (4 percent). An Army soldier died in a clash that occurred in the province of Satipo. In another clash in the province of Chanchamayo, a Shining Path commander was killed. And in the Principal region, two Army soldiers lost their lives in a Shining Path ambush.

The middle southern region ranked last with one death (2 percent) that occurred when a group of hooded men machine-gunned a resident in the province of Canete.

August 1994 Terrorist Attacks by Region

Lima—39 percent, Central Region—4 percent, Northern Region—11 percent, Middle Northern Region—1 percent, Forest Region—36 percent, Southern Region—4 percent, Middle Southern Region—1 percent, and Principal Region 4 percent.

August 1994 Victims by Region

Northern Region—25 percent, Forest Region—53 percent, Middle Southern Region—2 percent, Principal Region—4 percent, Lima—12 percent, and Central Region—4 percent.

August Victims and Attacks by Region

Lima: 6 civilians, 30 attacks

Central Peru: 1 military, 1 subversive, 3 attacks

North: 13 civilians, 8 attacks

Middle North: 1 attack

Jungle: 3 military, 5 civilians, 19 subversives, 27 attacks

South: 3 attacks

Middle South: 1 civilian, 1 attack

Principal: 2 military, 2 attacks.

Underemployment Assessed at 5.5 Million

94SM0480A Lima LA REPUBLICA in Spanish 24 Aug 94 p 21

[Op-ed article by Kurt Burneo Farfan, economist with the Labor Consultants Center of Peru, CEDAL]

[FBIS Translated Text] A subject that should be included in the next government agenda in Peru is job creation.

According to statistics from the Ministry of Labor and Social Promotion for the Lima metropolitan area in 1993, the economically active population (PEA) was 2,765,900 persons, of whom 9.9 percent were unemployed, or 276,500. Despite the level of obvious unemployment, it would be best if we included those who—due to lack of opportunity—give up the search for employment—which is not included in official statistics. This is what is called hidden unemployment, estimated at 13.8 percent. With which the total of unemployed in Lima alone would approach 655,000 persons, many of whom, because of a need for income, create their own jobs within what has been called the informal sector.

At the same time, adequate employment continued to decrease (despite the fact that gross domestic product, GDP, grew by 7 percent in 1993), so that this was only 12.7 percent of PEA, or about 340,000 persons; down from 14.7 percent of PEA in 1992, 18.6 percent in 1989, and 47.6 percent in 1985. This imbalance, far from being static, is dynamic, as each year about 234,000 persons enter the labor market (as in 1993).

So far in 1994, while the downward trend in employment has lessened on average, the level is worrisome: if we take as a base the average level of employment during the last year—already critical—of the Garcia administration, up until the end of May the overall employment index is lower by 22.1 percent, and by 24.7, 41.6, and

14.5 percent for the manufacturing, commerce and services sectors, respectively. This is happening despite the recovery in GDP: up a cumulative 11.8 percent as of May 1994.

Why is production rising and not employment? Along with the increase in the importance of informal employment, in the past three years there has been a significant increase in the relative cost of the labor factor compared with the capital factor (which has not meant larger salaries, but on the contrary, salary decreases), given the establishment by the state of a series of contributions paid by employers for employees; with respect to the salary received by a worker, the total cost of that worker to the employer is greater by 43.39 percent or 49.39 percent, depending on whether or not the worker is affiliated with an AFP [Pension Fund Administration Board]. If we add to these contributions those that are paid by the worker, the ratio between labor cost and effective salary increases to 68.12 and 50.46 percent in either case. Given this situation, the use of capital intensive production techniques is to be expected.

Together with obvious unemployment, underemployment has increased in recent years, reaching 77.4 percent in 1993, up from 75.9 percent in 1992, and 73.1 percent in 1990. This puts the number of underemployed persons at almost 2.141 million. Basically, underemployment is defined by income, taking the indexed IMV [expansion unknown] for 1967 as a reference, which in July 1994 was estimated at \$350. It should be noted that this reference salary, expressed in new soles, only covers 55 percent of the cost of the basic family market basket for the month of June, according to ENA-PROM [expansion unknown] IV (1989). All in all, in metropolitan Lima alone, 2.165 million jobs are required, according to official statistics.

For the nation as a whole, according to the National Population and Housing Census of 1993, the PEA is 7,109,527, of which 7.1 percent is unemployed, about 504,000 persons, while 92.9 percent are employed (no distinction being made between fully employed and underemployed). If we assume, conservatively, that the national underemployment level is similar to that of Lima, the number of underemployed persons nationwide is about 5.502 million. In sum, the need for adequate employment would be more than 6 million jobs (without counting new workers joining the labor force.) Given the magnitude of the problem, a remedy cannot be postponed in the interest of genuine social and economic stability in the country.

Economic Notes From Media

95SM0009A Lima Resumen Semanal Press Review in Spanish 4 Oct 94 p 1

[From DESCO database, received via Internet]

[FBIS Translated Excerpt] [passage omitted]

September Inflation: 0.5 Percent

According to Felix Murillo, the head of the National Institute of Statistics and Information Science (INEI), the rate of inflation reported for the month of September was the lowest since December 1975, a period in which the consumer price index was at the level of only 0.5 percent. He explained that with the September result, the likelihood of reaching the annual goal of inflation of 20 percent established by the government increased. The cumulative figure for the period between October 1993 and September 1994 came to 19.5 percent. (Most papers 2 Oct 94)

In commenting on this, the daily newspaper *EXPRESSO* (2 Oct 94) said that "a rate of inflation as low as that in September represents the best possible social program imaginable, since it is the poor, who depend on immediate monetary income, are those who benefit. This is a part of the secret of President Fujimori's popularity. The liberalization policy and the elimination of protectionism and the system of privileges have made it possible to redistribute the income of the sectors protected by the old policies to the popular sectors. This is the ultimate secret of the government's popularity. But still more is needed in order to make this redistribution more profound. The popular sectors have seen some increase in their real income, but they still do not have access to formal credit. This credit continues to be concentrated within a small group. And this is due to the fact that the poor do not possess the titles to their property, nor have they had it recorded in the property registers. As a result, they are unable to use their property as collateral. Those in the popular productive sectors must have access not only to the formal financial system, but also to state services. Since they pay taxes, they have the right to demand certain specific services to production—from the Ministries of Industry and Agriculture, for example. This would be the normal channel, rather than the development bank or the state enterprises."

The Gross Domestic Product

According to the most recent INEI report, the gross domestic product of the country increased by 12 percent during the first eight months of 1994. In August alone, productive activity was 8.4 percent above the figure for the same period last year. The fishing catch was up 28 percent, an increase based on a significant catch of species intended for freezing, [pota] and hake, in particular. Also, there was an increase of 177.7 percent in the catch of yellow jack and mackerel. The mining sector, however, saw a slight decline. (EL COMERCIO 3 Oct 94)

Cat or Tiger?

An article in the weekly periodical *CARETAS* (No. 1331, 29 Sep 94) said that "the encouraging news about the growth of the Peruvian economy this year has led to presidential enthusiasm and a feeling sense that within a

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short time, Peru may become a veritable American panther. This is a reference to the Southeast Asian economy (the four tigers are Singapore, Hong Kong, Taiwan, and South Korea). The ECLA [Economic Commission for Latin America] immediately noted that we still have a long way to go to reach this point. Among the many key aspects that are lacking is steady and speedy promotion of exports and notable improvements in the human resources policy, including humanization of the economy and heavy emphasis on education. The effort made in Peru has been substantial, a sign of fiscal discipline. But there is also an explanation to be made in connection with the immediate past. Jorge Gonzales Izquierdo, the dean of the Lima College of Economists, maintains that 'the decline that began in 1988 was profound. That is why the recovery now is being seen in terms of high growth percentages. But the capacity to maintain this rate depends on other variables that underlie how development is being dealt with in connection with the accumulation of all the factors.' This is why it is necessary to proceed with caution with regard to the desire to nurture the belief that it is possible to make the 'tiger's leap' now. There is still a long way to go."

World Bank Data

The economist Sebastian Edwards, the World Bank official in charge of Latin American and Caribbean affairs, said that despite the high rates of growth in the Peruvian gross domestic product, the poverty levels remain the same. As a result, improving the conditions of macroeconomic stability is a priority issue. According to the most recent World Bank figures, 53.7 percent of the Peruvian people are poor, and 21.2 percent are at what is called the critical poverty level. Thus 74.9 percent of the population falls below the poverty line. The challenge for Peruvians is to continue to make an effort. "It is necessary to continue the effort, and not to slip back," the economist said. (Most papers, 28 Sep 94)

Exchange Rate and Indebtedness

The economist and former senator Javier Silva Ruete (SODE [Solidarity and Democracy]) has expressed the view that the government should now initiate corrective measures in order to update the rate of exchange, if what is truly wanted is to promote exports, improve production, and create jobs. "The rate of exchange has already moved too far away from real parity. At the present time, this problem is the greatest obstacle preventing the tremendous sacrifices made to promote the economic program from producing positive results in terms of more production and a higher standard of living for the people," he said. He noted that any policy designed to balance the rate of exchange should be a gradual one. (LA REPUBLICA 2 Oct 94)

Congressman Manuel Moreyra (SODE), for his part, said that "as things are today, our current recovery (the result, above all, of better use of the existing installed capacity), if it is to be sustained in time, requires

substantially larger investments, and therefore, more domestic savings facilitated by the 'remonetization' of our economy and permanent sources of foreign exchange. That is to say, sources that do not represent new debt. A projection of our balance of payment figures immediately reveals a future dilemma. Either we resign ourselves to a return to recession in two or three years, or we will sink into a debt crisis again. Very simply, we must either correct the growing shortage in our foreign current accounts, or we will find ourselves without sufficient savings and foreign exchange to continue to grow, unless we rely on foreign investment exclusively. Corrective measures are indispensable, but fortunately, there is still time if the next government takes action. The tremendous deficit has been financed to date by the influx of capital, especially short-term capital (at high interest, and resulting in a recessive effect that was not essential for 'adjustment'), and by the one-time product of the privatization of the public enterprises. However, we are dealing with a 'solution' that is only temporary, and must be reinforced. If we are to develop, it is essential that we increase domestic savings and export substantially more goods. Fortunately, we have the capacity to do this. Peru needs to mold its destiny on the basis of its own exclusive interests. They demand that Peru be a serious nation that pays reliably, but one that is zealous in the defense of its future." (EL COMERCIO 2 Oct 94) [passage omitted]

Analysts Applaud Economic Policy, Expect More Growth

94SM0479B Lima PERUPAZ in Spanish Aug 94 pp 6-7

[Article by Percy Uriarte and Jaime Carbajal: "Positive Balance"]

[FBIS Translated Text] In August 1990, the Peruvian economy could not have been in a worse position. Hyperinflation of 8,000 percent a year, a 10 percent fiscal deficit, international reserves of -\$107 million, self-isolation from the international financial system, and 12 million Peruvians living in extreme poverty, combined with a recession of unsuspected magnitude, plunged Peru into chaos.

Against this dismal backdrop, the new government has been carrying out a program based on four major lines of action: stabilization, structural reforms, return to the world economy, and social support.

Stabilization

Raising fuel prices, financial and foreign trade liberalizations, exchange unification, the elimination of subsidies and of most price controls, and the announcement of emergency tax measures were the axes of the stabilization policy. The unusual inflation rate that month (August 1990), 397 percent, was the consequence of these actions.

Structural Reforms

However, beyond the urgency of the moment, it was essential to totally restructure the economy. That was the

time for structural reforms: rebuilding tax collection agencies (Sunat [National Tax Administration Superintendency] and Customs), streamlining government, privatizing inefficient state enterprises, and making the labor and land markets more flexible.

Another priority was returning to the international financial community. But all that had to be accompanied by a social program to ease the harsh adjustment phase for low income people.

A First Balance

Four years after the introduction of the adjustment program, the economic situation is substantially different.

The Gross Domestic Product is rising rapidly, with this year's growth expected to be 9.7 percent, according to year's growth from the consulting firm Macroconsult S.A.

The productive recovery that began in 1993 with 6.5 percent growth, according to BCR [Central Reserve Bank] data, continues with greater dynamism during 1994.

Leading this recovery are fishing and construction, with expansion rates of 33.9 and 29.7 percent, respectively, in the period from January through May 1994.

Other areas showing strong increases are manufacturing and agriculture, with growth rates of 15.3 and 15.5 percent so far this year.

This increased production, however, is still not reflected in more jobs. That may be due to the fact that to date the recovery has been based on increased productivity, on greater use of installed capacity, and it has been done in tandem with the restructuring of the labor market allowed by the new legal regulations now in effect.

There is also another hypothesis which suggests that there may indeed exist a significant increment in employment, but one that is taking place primarily in small and mid-sized businesses. And so it might not be reflected in Ministry of Labor numbers, as the ministry bases its indicators on bigger businesses.

Prices

Inflation, though, is totally under control. In contrast with the 60 percent monthly inflation rate inherited in July 1990, the June 1994 rise in the IPC [Consumer Price Index] was 1.17 percent, a figure that allows economists to predict that in 1994 the goal of bringing inflation under 20 percent a year will be achieved. In fact, in the last 12 months this indicator was 24.2 percent, a percentage very close to the target.

Inflation would be even lower if sales profit margins remained stable. This is evident from the systematically lesser increase observed in the IPM [Wholesale Price Index], which between January and June 1994 rose 4.0 percent, while the IPC increase was 9.7 percent.

Exchange Rate

Although progress has been made in many areas, certain problems still persist concerning the exchange rate and interest rates.

The dollar's value has remained stable so far this year, fluctuating around 2.19 soles per dollar. This has drawn extensive criticism from representatives of exporters' associations, as they claim that the exchange gap is deepening.

The government contends that the principal objective of its economic policy is to control inflation, and that gradually, as inflation disappears, the exchange rate will move toward parity. The economic team says that it will concentrate on reducing excessive fiscal costs like those generated by delays in the delivery of negotiable credit instruments, and the existence of taxes considered inefficient (a minimum income tax, selective tax on fuels, among others).

The Interest Rate Problem

On interest rates, there is consensus among economic analysts that little has been done on this important cost of the economy.

As Apoyo, S.A. points out in its publication SEMANA ECONOMICA, one example illustrating this problem is interest rates for overdrafts in Peruvian currency. In June 1994, they were on the average 142.74 percent in effective annual rates, while this year's inflation will be in the vicinity of 20 percent. This is a real rate exceeding 120 percent a year.

One additional number that provides information on the considerable bank spreads is the rate paid for savings in Peruvian currency: the effective annual yield is 20.13 percent.

This situation is the result of the financial sector's resistance to adjusting, modernizing, and competing, like the other sectors of our national economy have done. We should note that the downward trend of interest rates in Peruvian currency is excessively slow, as it is not responding to the speed of the economic recovery and, therefore, to the private sector's increased credit demand.

"Dedollarization"

In addition, the banking system's capacity to broker funds and generate greater liquidity has been expanding slowly. The multiplier rose from 1.90 in July 1993 to 2.48 in June 1994.

This has gone hand in hand with a gradual rise in total liquidity. In December 1992 this variable was 7.624 billion soles, while on 7 July 1994, this indicator came to 15.691 billion soles. It should be pointed out that between January and June 1994 liquidity has been expanding at an average rate of 3.5 percent a month.

We also need to indicate that starting in February 1994, liquidity in national currency has been growing more rapidly than foreign currency resources. This may be the start of the economy's "dedollarization."

The increase in production and consequently in earnings has brought with it increased purchasing power. So imports have risen, both of consumer goods and of materials and capital goods.

That is why the deficit in the trade balance is also substantial; it is projected to be -\$1.1 billion at the end of 1994, according to Macroconsult, S.A.

In the same way, the balance in the current account (which includes trade balances, financial and nonfinancial services, and transfers) is projected to be -\$3.258 billion.

Still, the influx of short-term capital (\$1.3 billion) and of long-term capital (\$4.218 billion) has enabled the deficit in the current account balance to be fully financed. The balance of payments deficit projected by Macroconsult, S.A. comes to \$2.260 billion.

Reserves

External prospects are highly stable, as the Central Reserve Bank's net international reserves, \$4.786 billion, guarantee. A much stricter concept, the central bank's exchange position (this involves the amount of foreign currency which is the property of the BCR), was \$1.182 billion on 15 July.

Tax Collections

Without any doubt, fiscal reconstruction has been one of the biggest achievements of this economic policy. This administration inherited a tax pressure below 4 percent of the GDP, which was not enough to defray the central government's basic expenses.

Right now, the efficient oversight done by Sunat, which replaced the obsolete tax collection systems existing before 1990, has raised tax revenues to 11.2 percent of the GDP.

The expansion of the pool of taxpayers, modernized tax legislation, the simplification and restructuring of taxes, as well as technical improvements in the oversight mechanism have been factors contributing to the fiscal success of the stabilization program.

Positive Balance

To summarize, Peru's situation has improved. The numbers cited demonstrate this, and the people perceive it. According to a recent poll by Apoyo, S.A., 57 percent of Peruvians believe the Peruvian economy has improved.

Still, some details remain that need more work, and they can not be overlooked. But the most important thing is that prospects for economic growth are now obvious.

Venezuela

Students Seize 16 Vehicles To Protest Fare Hike

PA1910031094 Madrid EFE in Spanish 2353 GMT
18 Oct 94

[FBIS Translated Text] Caracas, 18 Oct (EFE)—A group of students from the Central University of Venezuela (UCV) seized 16 vehicles today to protest the planned reduction of government subsidies of student bus fares.

Police spokesmen confirmed that the students are holding 10 public buses, five pickup trucks, and a Venezuelan National Telephone Company truck (CANTV), which they threaten to burn if their demands are unmet.

So far police have limited themselves to surrounding the university area, which is in a central district of Caracas, and have urged students to cease their protests peacefully and make their demands through legal channels.

According to current Venezuelan law, police officers are prohibited from entering the university, which is why the police surrounding UCV have not taken any repressive measures.

Students who asked to remain anonymous were interviewed on radio stations and said they will keep the 16 vehicles until government officials agree to "frank and open" discussions of their demands.

Exchange Board Approves Repatriation of Foreign Capital

PA1810194694 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Foreign capital can be registered with the Technical Exchange Administration Office [Oficina Tecnica de Administracion Cambiaria] this week to be repatriated at a later date. Zaida Pereira filed a report.

[Pereira] Domingo Maza Zavala reported that the Exchange Administration Board approved a resolution stipulating the repatriation of principal, profits, interest, and dividends on foreign capital in the capital market. The decree regulating this repatriation will be published this week in the GAZETA OFICIAL. It was reported the project was being thoroughly revised to include an authorization allowing investors to purchase fixed income certificates [titulos de renta fija]. Authorization to purchase variable income certificates [titulos de renta variable] had been approved.

The new system also contemplates a resolution allowing foreign investors to have an outlet for investments through the stock market. Our country lacks a system of quotas, because there is enough foreign exchange to meet the demand for capital market investments and direct

investment of foreign capital. The only requirement is registration with the Technical Foreign Exchange Office.

The Exchange Administration Board also approved a project allowing travel agencies to have bank accounts in which they could deposit the dollar revenues they obtain from tourism and allowing them to use these accounts to make their payments.

Change in Banking Law Reported

PA1810195394 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] The obstacle presented by the Banking Law, in that it does not allow financial institutions to have access to 5 billion bolivares worth of dollar bonds, will be overcome. Zaida Pereira has the story.

[Pereira] Deputy Finance Minister Luis Javier Grisanti said the Banking Law will be changed to allow these institutions to purchase dollar bonds, adding that because the law stipulates that banks could invest only up to 30 percent of their assets—1.5 billion bolivares—in state-issued bonds, pertinent changes will be made to let them invest more; that is, they will have access to the 5 billion bolivares worth of bonds the national government will sell.

[Begin recording] [Grisanti] Legal obligations are being properly examined to ensure there will be no problems as the bonds are sold.

[Unidentified reporter] Does this mean the law will be changed?

[Grisanti] No, the law will not be changed; it is simply an internal regulation. [end recording]

[Pereira] It was also learned that these dollar bonds will be issued within 15 days, and although there are reports indicating otherwise, the dividends will be paid in dollars.

Rising Unemployment Cause for Government Concern

PA1810201694 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[FBIS Translated Text] The unemployment rate during the third quarter of 1994 was 13.5 percent. Fifty percent of the active population works in the informal sector of the economy.

This situation gives the government cause for considerable concern, which fears social upheaval if proper policies are not implemented.

Cordiplan [Coordination and Planning] Minister Werner Corrales says that the Venezuelan people have been seriously affected by unemployment and the decline in their real income over the past 17 years, and they should not be subjected to an intensification of these problems because they may react in an undesirable manner. This issue will be included in the next National Plan, which will seek to establish a competitive economy, social equality, a solidarity plan aimed at the people who work in the informal sector, profound state reforms, and educational reforms.

[Begin recording] [Corrales] We must be very careful when we use expressions like these out of context, because we could create or contribute to social upheaval if we subject Venezuela to a recession adjustment program.

[Unidentified reporter] Nevertheless, Senator (?Alistido Gullon) says that (?legislation) and speculation have led to the current climate of social unrest in the country. Furthermore, prices and unemployment increase every day.

[Corrales] Forgive me, but I insist that we must not... [pauses] I do not want to get involved in a lengthy discussion. I only want to respond to Dr. (?Gullon's) remarks. I would like to help foster the outlook in Venezuelan society that we are in trouble and must find solutions. [end recording]

Corrales said that next year it will cost 14 billion bolivares to subsidize transportation for workers who earn more than 90,000 bolivares because the price of high octane gasoline is going to be increased to 20 bolivares this year and to 25 bolivares next year.

Minister on MAS, Social Priorities, Other Issues

PA1810205294 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[Report by David Angles from the "Union Radio News" newscast]

[FBIS Translated Text] Social Programs Minister Pompeyo Marquez has said that results of the recent MAS [Movement Toward Socialism] elections are positive because they allow a range of opinions within the party.

Pompeyo Marquez ruled out allegations of divisions within the party, noting that it is impossible to speak about an absolute majority but more about diverse trends that must initiate a democratic dialogue.

The minister made these statements during a forum on efficiency in social spending organized by the Latin American Economic System (SELA).

During the forum, the minister also pointed out that even though the idea of a social development planning ministry has already been studied, the government's priority lies specifically with social spending since a large

portion of its resources have already been earmarked for these programs.

In this respect, the minister referred to a possible restructuring of the government's food program since several irregularities have been discovered. Thus, the government has decided that instead of distributing funds, it will proceed to distribute food directly.

When asked about the country's political situation, the minister agreed with Interior Minister Ramon Escovar Salom in that a social or military uprising at this time is inconceivable. He added that the disturbances that took place in Maracaibo and Valencia occurred more as result of common criminal activity than organized subversion.

Minister Marquez emphasized that the government is in no way opposed to peaceful protest marches demanding legitimate reparations, and that those who seek to compare the situation now to that of 1989 are totally out of touch with reality.

With respect to recent statements by former Commander Hugo Chavez Frias indicating that President Rafael Caldera is plagued by autism, Minister Marquez stressed that Chavez is still living in the past since he continues to believe in coups and military revolts.

Suriname

'Strict' Security Measures Taken Following Coup Rumors

BR1910115594 Amsterdam DE VOLKSKRANT in Dutch 19 Oct 94 p 7

[Report by Linda Otter: "Suriname Takes Steps Following Coup Rumors"]

[FBIS Translated Text] The Surinamese Government has taken strict security measures following rumors of a new coup by the Surinamese military, according to Defense Minister S. Gilds, who spoke at a news conference Tuesday [18 October].

Gilds heard on Saturday from the U.S. Embassy in Paramaribo that rumors were circulating that the military planned to launch a coup. The reports stated that trade union and Suriname Labor Party Leader F. Derby as well as Lieutenant R. Christoffer had been killed during the attempt. On Tuesday, President Venetiaan described the rumors of a new coup attempt as "a malicious attempt to create unrest."

Gilds said that he immediately took extra security measures in cooperation with President Venetiaan and Commander A. Gorre to prevent a coup. The minister reports that it later transpired that the information on the planned coup was based on no more than rumors. There is a suspicion that the rumors were started by officers who are dissatisfied with the Army's poor equipment and low wages.

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